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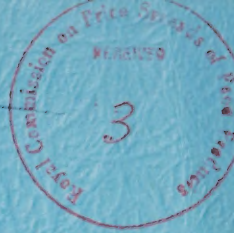
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ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT

VANCOUVER, B.C.

VOLUME No.:

1

DATE:

APR 9 1958

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THE CHAIRMAN: I shall now declare open the public hearings of the Royal Commission on Price Spreads of Food Products. I will ask Mr. John Dawson, the Secretary of the Commission, to read the Order in Council defining the terms of reference of the Commission.

THE SECRETARY: The Order in Council reads as follows:

The Committee of the Privy Council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, advise that:

Dr. Andrew Stewart, Edmonton, Alberta

Mrs. Dorothy Walton, Toronto, Ontario

Mr. Howard MacKichan, Halifax, Nova Scotia

Mr. Romeo Martin, Montreal, Quebec

Dr. W.M. Drummond, Guelph, Ontario

Mr. Cleve Kidd, Toronto, Ontario, and

Mr. Bernard Couvrette, Montreal, Quebec

be appointed Commissioners under Part I of the Inquiries Act, to:

- (a) inquire into the extent and the causes of the spread between the prices received by producers of food products of agricultural and fisheries origin and the prices paid by consumers therefor;



- (b) determine whether or not such price spreads in general or in particular cases are fair and reasonable, or are excessive, in relation to the services rendered;
- (c) make such recommendations as they deem appropriate if any such price spreads are found to be excessive; and
- (d) examine the adequacy of price information currently available.

The Committee further advise:

1. That the Commissioners be authorized to exercise all the powers set out in section 11 of the Inquiries Act;
2. That in the exercise of their powers to employ counsel, experts and assistants under section 11 of the Inquiries Act, the Commissioners may authorize remuneration to such persons and reimbursement for their expenses within such limits and on such conditions as the Treasury Board may determine from time to time;
3. That the Commissioners adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and at such places in Canada as they may decide from time to time;



4. That the Commissioners be assisted to the fullest extent by Government departments and agencies;

5. That the Commissioners report to the Governor in Council;

6. That Dr. Andrew Stewart be Chairman of the Commission.

THE CHAIRMAN: This document may be tabled and will become Exhibit 1.

EXHIBIT NO. 1: True copy of Privy Council Order
No. 1957-1632.

THE CHAIRMAN: I shall also ask the Secretary to read and table the Order in Council naming the Secretary and Assistant Secretary of the Commission.

THE SECRETARY: The document reads as follows:

The Committee of the Privy Council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, advise that John A. Dawson, Esquire, of the Department of Agriculture, be Secretary, and Andre Antoine Caron, Esquire, of the Department of Trade and Commerce, be Assistant Secretary of the Commission appointed by Order in Council P.C. 1957-1632 of 10th December, 1957, to inquire into price spreads in food products.



THE CHAIRMAN: This will be Exhibit 2.

EXHIBIT NO. 2: True copy of Privy
Council Order No.
1957-1671.

THE CHAIRMAN: I would like now to put on the record some decisions regarding procedures which will be followed during and in regard to the hearings.

First, the time and place of hearings have been announced and will be announced as successive hearings are held in different places through publication in the press.

The Commission has requested that all briefs would be presented in advance of the hearings. There will be a copy of each brief made available by the Commission to the Canadian Press. The Secretary will assist other news agencies who wish to secure copies of briefs from the organizations presenting them and if any of the press or news agencies wish to acquire briefs in this way, they should consult with the Secretary.

Any parties intending to present a brief, who may wish to see other briefs in advance, should also consult with the Secretary.



In advance of the presentation of any brief the Commission would wish to have the name of the person presenting the brief and a short statement of his or her qualifications.

If other persons attend with the person presenting the brief, in support of the brief, the Commission will wish to have their names and qualifications in advance of the presentation.

All briefs will be read into the record. It may be that in some instances parts of briefs may be taken as read for the purpose of the record.

Copies of the transcript may be obtained from Angus, Stonehouse and Company, 371 Bay Street, Toronto and copies should in most cases be available eight days after the particular hearings.

The Commission has not employed counsel and witness will not be represented by counsel, but will make their submissions directly. Following the presentation of the briefs, the Commissioners may wish to ask questions of those presenting the briefs.

Witnesses will not be sworn. However, the Commission reserves the right to put any witness under oath.



The Commission will hear a number of briefs during the three days' hearings in Vancouver. The order of presentation of the briefs has been arranged and if anyone wishes information on this, it can be obtained from the Secretary.

We hope to be able to adhere closely to the times which have been attempted to be set.

The normal times of public hearings of the Commission will be 10 a.m. to 12.30 p.m. and from 2 to 4.30 p.m.

We are now ready to receive the first brief, which is from the City Council, City of Vancouver, which, we understand, will be presented by Alderman Anna E. Sprott -- if Mrs. Sprott is present and would like to come forward and present her brief.

Mrs. Sprott, may I just ask one or two questions before you read your brief?

MRS. SPROTT: Yes.

THE CHAIRMAN: You are an alderman of the City of Vancouver?

MRS. SPROTT: Yes.

THE CHAIRMAN: And a member of the city council?

MRS. SPROTT: That is right.



THE CHAIRMAN: You are presenting this brief on behalf of the Council?

MRS. SPROTT: Yes.

THE CHAIRMAN: It has been prepared by you?

MRS. SPROTT: Yes.

THE CHAIRMAN: With the knowledge of the members of the Council?

MRS. SPROTT: Yes.

THE CHAIRMAN: Thank you very much.

MRS. SPROTT: Mr. Chairman and members of the Commission: The City Council of Vancouver has, for some years, felt a keen interest in, and a real responsibility for, the welfare of their people from the standpoint of their being able to buy the necessary foods for their maintenance at a reasonable price.

I base my argument before this Commission on the results of a recent survey in seven cities made by the Dominion Bureau of Statistics.

According to an article in Maclean's Magazine of July 6, 1957, dealing with this survey, and headed "Back Stage with the Family Budget", the average Canadian city family now spends \$4,424.00 per year,



but budgets vary with geography. Vancouver families spend more on food than other urban Canadians.

This is the finding of the survey on food. Halifax, \$1,040; Montreal, \$1,151; Toronto, \$1,159; Kitchener-Waterloo, \$1,047; Winnipeg, \$1,027; Edmonton, \$1,008.00 $\frac{1}{2}$; Vancouver, \$1,178. (I am appending a table showing that Vancouver weekly family maintenance, according to the size of family, is again the highest in Canada).

Thus, since Vancouver has to pay the highest price in Canada for food, we, as a City Council, find your terms of reference in this Commission very timely. We would like to know why a country rich in fruit, and with hungry people, still allows a fruit crop to go unpicked. Why a province with oceans and lakes and rivers teeming with fish cannot provide the poor with an abundance of this protein food. Why we, who practically live in the granary of the Empire, pay more than twice as much for a pound loaf of bread as they do in Britain. We would like to see the gap reduced between what the farmer gets, and what the housewife is compelled to pay.

British Columbia, often called the "Forgotten province behind the mountains", suffers from a peculiar freight rate condition. British



Columbia is burdened with two freight rates:

(1) the export rate from the Prairie provinces to Vancouver, the so-called "Crows Nest Rate", of 20 cents a hundredweight, if for export and -- may I say, Mr. Chairman, I got this morning's figures before I left. May I append them later. They have changed considerably from these. At the time I wrote this they were 67 cents a hundredweight, -- if for the use of our own people. We shipped more grain and grain products from the port of Vancouver than from any other port in Canada this year and last. Grain from the port of Vancouver routed to Japan or Brazil, Holland or Russia, costs 20 cents a hundredweight. Now may I add we have the Saskatchewan pool elevator which is a very large shipper during 1958 coming here to feed our own people.

(Most of this grain is shipped from either Calgary, 632 miles, or Edmonton, 756 miles). Now, if it is shipped here to feed our own people of B.C., or the cattle, cows or chickens on our own farms in the Chilliwack Valley or the Cariboo, it costs 67 cents a hundredweight.

Now may I change my figures to this morning's rate of the C.P.R. and C.N.R. The shipment from Edmonton to Calgary, from Edmonton and Calgary to Vancouver \$1.91 a hundredweight.



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Mrs. Sprott

If they ship direct to Chilliwack instead of routing to Vancouver, the destination point and then out to Chilliwack, if they ship straight to Chilliwack it costs our farmers \$3.01 a hundred-weight, and that is the price on feed grain, C.P.R. and C.N.R.

You know our economy is founded on our forests and forest products. You know also that the Prairies do not grow trees, so the Prairies are our natural market. Grain from Calgary to Vancouver for export costs 20 cents per hundredweight; lumber from Vancouver to Calgary costs 67 cents a hundredweight. Again, I have to change my figures as at last evening, 81 cents a hundredweight. As the lumber industry, in their submission to the Royal Commission, stated: "the Crows Nest rates were unduly low, and consequently the lumber industry shipping from our province, carrying a rate 3-1/2 times what grain shipped the same distance costs, means that the railroad is subsidizing the cheap grain rate at the expense of forest and forest products".

Perhaps partly on account of our attractive climate, a larger than ordinary percentage of people over 65 make up our population, over 13 per cent in the city of Vancouver, to



be exact. In addition to that, there is a large group of older citizens on fixed incomes to whom the high cost of living means that adequate food supplies are stinted in order that abnormal costs shall be met.

We feel that the necessary quantity of food is denied to many of these people because they are crowded out of the market by innumerable Boards, superseding the natural law of supply and demand. As a consequence, we are importing from our neighbours in Washington, and farther afield, food stuffs that should be produced in our own province. Another point to be considered, is that the state of Washington, having a few degrees higher temperature than British Columbia, has its fruit ripen from two to three weeks ahead of our own, resulting in a dumping on our markets at the high price and our producers take the consequent loss.

May I be allowed to interject and comment on that comes from the other side, Mr. Chairman. Just recently the Secretary for Agriculture in the United States has been making an attempt to hold the price for 1957 through 1958 and the planting for 1959, holding the 1957 price. That was noted. We have it in an excerpt from the Vancouver Sun of March 31st, 1958



under the caption "Ike's veto kills farm freeze bill":

Washington (BUP) - President Eisenhower today vetoed a bill to freeze farm price supports and acreage allotments at last year's levels.

The bill, strongly endorsed by many farm state Republican and Democratic members of Congress, was an attempt to block cutbacks ordered by Agriculture Secretary, Ezra Benson.

Supporters of the measure have conceded they do not have the votes needed to over-ride the president's veto. A two-thirds majority in both houses is necessary.

The bill sought to freeze all 1958 price supports and 1959 planting allotments at not less than 1957 levels.

This would have reversed cuts ordered by Mr. Benson for nine farm commodities, including dairy products, wheat, rice, beans and several feed grains. It also would have prevented 1959 acreage cuts for cotton and rice.

In his veto message, Mr. Eisenhower said: "With regard to government controls, what the farm economy needs is a thaw rather than a freeze".

To come back to my basic argument, Vancouver has to spend more on food than any city in Canada. How this is to be rectified



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Mrs. Sprott

will have to be decided by wiser heads than mine. I trust that the facts brought out before this Commission will be a means towards that end. Respectfully submitted, Alderman Anna E. Sprott.

Dr. Stewart, I have those corrected prices, if everyone would make the change in their brief. I am sorry I couldn't get it in time, but I wanted to get the very latest figures. If they will change in the brief as quoted on bottom of page 1, domestic rate of 67 cents a hundredweight will change to \$1.91. That is to the terminal point at Vancouver. The lumber rate will change from 67 to 81. Those prices were out of my control, Mr. Chairman. I thought you should have the most recent information and I do not want to leave out the new elevators handling Saskatchewan grain, the Saskatchewan pool elevator which is handling a great many hundred thousand bushels this year and is quite new and I inadvertently forgot to include that.

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RETAIL TRADE - CANADA AND PROVINCES - 1957

	<u>CANADA</u>	<u>ATLANTIC PROVINCES</u>	<u>QUEBEC</u>	<u>ONTARIO</u>	<u>MANITOBA</u>	<u>SASKA- CHEWAN</u>	<u>ALBERTA</u>	<u>BRITISH COLUMBIA</u>
Annual Retail Sales '57 (1)\$ 1000	14,654,268	1,201,363	3,429,423	5,612,005	724,911	848,339	1,206,264	1,631,963
Population (2) No	16,860,000	1,792,000	4,758,000	5,622,000	360,000	879,000	1,160,000	1,487,000
Per Capita Sales \$	885	670	721	1,000	843	965	1,040	1,098
Persons in Families (3) No	3.8	4.2	4.2	3.5	3.5	3.8	3.7	3.4
Exp. per Family \$	3,363	2,814	3,028	3,500	3,035	3,667	3,848	3,733
Weekly Expenditure Family \$	64.71	54.11	58.23	67.30	58.36	70.52	74.00	71.79

Source: Dominion Bureau of Statistics

- (1) Retail Trade December, 1957, No. 12
- (2) Canadian Statistical Review, January, 1950, No. 1
- (3) Census of Canada, 1956, Bulletin: 1-19

Arranged and Compiled by Anna E. Sprott



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THE CHAIRMAN: Thank you very much.
I wonder if you would be seated. I think we
will have some questions we would like to
ask you. Your brief will be Exhibit 3
and the addendum, the excerpt from the Vancouver
Sun of March 31st will be Exhibit 3-A.

EXHIBIT NO. 3: Brief presented by
Alderman Anna E.
Sprott on behalf
of City Council, City
of Vancouver.

EXHIBIT NO. 3-A: Excerpt from the
Vancouver Sun of
March 31, 1958.

We are fortunate in having a lady
Commissioner who will talk in undoubtedly the
same language as you do, so I am going to ask
Mrs. Walton if she would like to ask you a
few questions.

COMMISSIONER WALTON: Mr. Chairman,
I would like to ask Alderman Sprott if per-
haps she could amplify a remark that was in-
cluded in the report in paragraph 5, because
I imagine it has some bearing from your
point of view on the high price, when you
say "that allows a food crop to go unpicked".
I take it there has been --

MRS. SPROTT: There has been a
great deal of difficulty. Last year we lost
the fruit crop through frost, a year ago, and



they just got it replanted again. So many times we have had complaints from the farmers in the Okanogan area that it didn't pay them to market their crops at the present price and that they were holding back, and in one case I was told directly of a man bringing down a truck load of tomatoes.

He said that he would bring it direct to Vancouver and sell it here, and he got a few miles out of town and the truck was taken away from him and the load was taken from him. He was fined \$50 because he was attempting to sell it without first going through the Board.

Now we all know that Boards have their place, but in many cases the price that has been set is holding back, we know it is holding back potatoes. It will be hard for you Easterners to believe that we are buying potatoes, that is those of us who are foolish enough to buy them at that price, they are buying new potatoes from California and from Florida at this time in the city of Vancouver. Now the acreage in potatoes is being shortened up because people say it doesn't pay, they can't afford to market them. It is that kind of thing that I am complaining of because I work in Social Service, and the people who can't buy



these things, never see a tomato, never have a peach or an apple, it is those people I am appealing for, that we should be able to get a more reasonable price that they can afford to pay on their limited income. There should not be such extreme control.

It is the same way with grain, you can't ship grain -- I have a farm in Manitoba or Saskatchewan and I want to ship it, I can't ship my grain here, because it has got to go through the Board. Everything is added to that. They simply refuse to take the shipment and unless you can put it down and ship it at the rate that they quote and just can't reach any agreement.

I think that every person who is connected with farms is complaining.

We have the same thing exactly in connection with milk. I represented the City several times on the Milk Board and it is that kind of difference between the producer's situation and the consumer's, the ultimate consumer is what I was trying to visualize there.

COMMISSIONER WALTON: I would gather from the exhibit filed that your Provincial price or market changes contributed to a price spread by not giving the producer an adequate



Mrs. Sprott

return.

MRS. SPROTT: I think that is it. A good many of us spend our holidays in the Okanogan Valley and we hear a great deal about this. I can't list individuals, but you know the cases and you know the people who have had a very difficult time.

COMMISSIONER WALTON: May I ask you, on your statement about the loaf of bread, when you said that our loaf of bread was approximately twice what they pay for the pound loaf in Britain. Was your figure taken at a time when the British Government was still subsidizing them over there/
for certain food products?

MRS. SPROTT: No, this was taken just recently. I followed the market position through buying from Vancouver to Toronto way, from here to Tokyo and from here to London and the flour, it doesn't pay to have flour mills in Vancouver because we have to bring it in at domestic rate if it stops here, and so I followed it through to Britain and I wrote to friends, and got the price of a pound, and they could buy a pound loaf in Britain made out of our Canadian flour and ship it back here and we could buy it cheaper in Winnipeg than they could have gotten the wheat.

COMMISSIONER WALTON: Did you by any



Mrs. Sprott

chance compare the buying in Vancouver to other prices in Canada say the Prairie provinces where they don't have to haul it?

MRS. SPROTT: Yes, it is more expensive. We pay 19 cents for, it is said to be a pound loaf, but they have a peculiar arrangement. Many years ago Council in Vancouver felt sorry for the bakers and they allowed them to call a pound loaf 15-1/2 ounces. It is 16 ounces all over the rest of the world, but that doesn't matter because they wanted to have the loaves wrapped, so to make up for the wrapping they allowed them to use a 15-1/2-ounce loaf, so we have a 15-1/2-ounce loaf at 19 cents.

COMMISSIONER WALTON: And if you were buying say in Saskatchewan, the 16-ounce loaf, it is how much?

MRS. SPROTT: It is 17, 16, and 16 I think in Toronto, and they figure a two-pound loaf which would be a little difficult to figure, but that is the basis of about 16 ounces, 34 ounces, I think, in a two pound.

COMMISSIONER WALT: I think there is just one more question I would like to ask which is with reference to your statement in the dumping of fruit. You used the word "dumping"?



Mrs. Sprott

MRS. SPROTT: Yes, I did.

COMMISSIONER WALTON: Could you
amplify that?

MRS. SPROTT: I really think the women are at fault, Mrs. Walton. The women here are at fault because when the cherries come in and are on the market they look so delicious that we buy them at the price stated, and it takes another two weeks for our cherries in Chilliwack to ripen. You can only eat so many cherries, and then you get tired of them so by the time the Chilliwack cherries come down the housewife says I don't want any more cherries, we have had those, and so they have to lower their price and their price comes down. Accordingly, the American extra crop is dumped here at a price that is very considerably higher than we can ever get because it is the first crop. That is the time the strawberries look so delicious when you see them for the first time in the season, and it is the same with all our fruit crops. We have begged the people to wait, the C.A.C. has been begging them to wait until our own fruit comes down, but I don't know whether women are impatient, but it is our own fault.

COMMISSIONER WALTON: At the time



when the British Columbia fruits are in, there isn't the Washington and import ones. They don't compare in the sense that they are dumped at that time"

MRS. SPROTT: No, then it is a much better chance.

COMMISSIONER WALTON: Do you, in the light of your own investigations and brief have any suggestions to us? You have mentioned the factor of marketing both is one.

MRS. SPROTT: Yes, that is one suggestion. My suggestion is that women could handle a great deal of this themselves if they were organized. I think the women -- women are buyers and they could handle a great deal of this if they refuse to take the high-priced stuff. If a woman wants a potato wrapped in cellophane -- no, I don't mean cellophane, I mean foil -- if she wants to buy buy a potato and make a luxury out of the good Irish potato, it is catering to that luxury element. But the thing that I am interested in is the people whose incomes will not permit them to buy. Now they are hardly able to buy potatoes at all.

Now, I was at Lulu Island. They had to bring their potatoes, they were instructed to wash them, and every housewife knows that



washing a potato will make it go bad. So they wash the potatoes and then they must put them into new sacks, and they come to the bridge over from Lulu Island and they have to put the tag on to show that they have paid the cost of marketing them, and then they are put into the warehouse and they hear no more about them for two or three months. Then they get word to come and pick up the potatoes because they are going bad and sort them, wash them, put them in the new clean sacks and bring them back again, and they go through that process two or three times in the season, and some people are giving up growing potatoes on the Lulu Island; they are cutting down. Well, when it comes to our big farms, the very large farms up in Cariboo -- and I would like this Commission to know that some people have shipped their cattle to Winnipeg to be fed, they send them down to Winnipeg where they can get their food cheap, and then they sell them to the American market for the high price. We are paying very high prices in the city of Vancouver. It is that part that concerns me, because the people whose incomes are in the lower bracket cannot afford the luxury of these extras.

COMMISSIONER WALTON: Thank you, Mrs.

Sprott.



COMMISSIONER DRUMMOND: Mrs. Sprott, I notice that you emphasize the two major types of what you seem to think are the reasons for these very high prices and these wide spreads, namely, the freight rate situation, and the operation of these marketing boards. Now, I would like to ask you a question or two in respect of each of these. First in respect to the freight rate situation, from what you have just said, I am wondering what you think should be done, if anything, in respect to changing the freight rates so as to improve this situation.

MRS. SPROTT: Well, I am not a politician, Mr. Commissioner, and no politician would ever consent to such a step, but there is the subsidizing of grain, and it is effecting our other industries, and that is the answer. It is a drastic one that the farmers have always demanded, and sooner or later it has got to come.

COMMISSIONER DRUMMOND: You wouldn't suggest making any comparable reduction on your freight rates on other products coming in this direction?

MRS. SPROTT: Well, who would do it in the end?

COMMISSIONER DRUMMOND: I simply ask this in the amount of emphasis you place on the



freight rate factor as a contributor to the present situation.

MRS. SPROTT: Now I say, Mr. Chairman, that we are feeling this particularly in the case of British Columbia. We had a bad time this year in our lumber; lumber is our basic industry. That has been due to the fact -- not wholly, but due to the fact that they are paying a prohibitive freight rate.

COMMISSIONER DRUMMOND: Now, in respect to the marketing boards, you indicate and your own view is they are responsible for a very considerable amount of the price situation and spread situation, and you have also mentioned a few moments ago that you heard that they had their place. I am wondering what you think their place really is.

MRS. SPROTT: Well, we had a good many discussions with the Milk Board here, and in some ways the Milk Board has done a very good job in British Columbia, but there was a time when we held the line before the Milk Board at 19 cents a quart, and we got certain considerations from them and it seemed wonderful for the housewife. I am speaking from the housewife's point of view. In the meantime that has gone by the Board, and we now are paying 24 cents. We have lost the



advantage we have gained, and here and there there may be instances with which I am not too familiar. Some people have told me -- I have farmers coming to see me since I have taken a stand to try and bring their viewpoint before the people and before the Council of the city. I have had a number of them coming to see me and they bring their reports and show what they have produced, and it seems such a peculiar anomaly. We had a case level in Vancouver not many years ago where a man was fined for selling too good milk, his milk was above the quality that he was allowed to sell it at, and he chose to sell it at that and he was fined for that. We have had very peculiar instances of people being penalized for doing what seemed to be in the ordinary course the same thing, and I think when our Board steps in and says you must give to the quality for fear it is going to hit something else, then I think you must recognize that it will not be of general benefit.

COMMISSIONER DRUMMOND: At one point I believe you stated that the boards had been superseding what you call the natural law of supply and demand?



MRS. SPROTT: Yes.

COMMISSIONER DRUMMOND: I wonder if you could enlarge on that?

MRS. SPROTT: Again coming back to these trips, I have seen pigs brought into fields of potatoes and they were just gorged with those beautiful potatoes, and yet in the section I have visited in the east end of Vancouver, they have never known what it is to taste them. Now they don't destroy them because they have brought in the new canning industry, and it was a Godsend, but I remember when there was no canning industry and they just destroyed them. I remember the old barrels of apples that used to be so-called culls, but every youngster could have an apple. They never get a taste of them because they are too expensive; they are as luxurious as peaches. We have all this wonderful fruit in our hinterland. Why should we say that an apple is spotted because it may hit the values to a man who wants to market the deluxe crop. Why should you take that apple and say it cannot be used for every family use? I would like to see it possible for us to get for those youngsters -- it is the youngsters I am thinking of because I don't think the youngster grows up right if they can't get the fruit of their own country.



This has been a great worry to me because I happen to have a farm myself and I know it didn't pay me and my husband, it didn't pay us to market our product, and I speak from experience.

COMMISSIONER DRUMMOND: You also mentioned a few moments ago in connection with the potato crop that a great many farmers were ceasing production.

MRS. SPROTT: Yes.

COMMISSIONER DRUMMOND: Do I take it from that that the total amount of potato production in the province is actually going down?

MRS. SPROTT: I imagine it will be down this year. I haven't seen the figures for the last year, I haven't checked on it, but I imagine they will be down because I know our import is up.

COMMISSIONER DRUMMOND: I think I can assure you that it is not only the Vancouverites who have seen fit to import new potatoes this time of year. It is definitely happening points east including a number of points where so far they have not seen fit to operate marketing boards for potatoes. You mentioned these two factors, the freight rate situation and marketing boards. You left me with the impression that you think those are the main factors for this adverse situation.



Mrs. Sprott

MRS. SPROTT: Yes.

COMMISSIONER DRUMMOND: Have you any other factors which you think might be added?

MRS. SPROTT: I have appeared before a good many boards. I have said at various times and on various commodities that I think that a great deal of consideration should be given to seeing, to protecting the right of the producer as against the distributor. That is one of the things that I think can be given a great deal of attention, and it will certainly make this a great deal more comfortable. Unfortunately we have a great many small farmers, people who buy a place, and they buy five acres, and they think they can run a small dairy farm on five acres. Well, of course they can't. But I am speaking of the man who goes in to make his living as a dairy farmer. I think they should be given more consideration than they get.

COMMISSIONER DRUMMOND: Do you really feel that the board action is responsible, as I think you suggested towards the end of page 2, for the importation of food stuffs? You say there: "As a consequence we are importing food stuffs which should be produced in our own province".

MRS. SPROTT: I think that is where the dumping comes in. It is the luxury product



which comes in first that I am speaking of there, it is where they dump stuff so as to undersell our own people. There are two conditions: One is more or less the luxurious product, and the other is when they have an overflow in Washington and they bring it here.

COMMISSIONER DRUMMOND: If that is the case, I take it the reason that they are dumping their produce here is not because the price being asked here is too high, but because they are willing to sell at what you would call too low a price.

MRS. SPROTT: Yes. I don't like to see that happen even at the lower price.

Mr. Chairman, I would like to say that I am not a farmer and I am speaking on these things from the standpoint of the person who has studied the reports from the D.B.S. and that sort of thing in order to bring attention to things that concern the needs of our people, and it is because I have gone into this from the standpoint of figures that I have arrived at conclusions which make me perhaps say things here which should be perhaps said by the person who is on the soil.

COMMISSIONER DRUMMOND: Referring to your main thesis, if I may call it that, namely, that food costs more in Vancouver than in other



parts of the country, I was just wondering whether you had made any inquiries, not only between the cost of food here and elsewhere, but, let us say in the size of the consumer income here and elsewhere and in the size of families here and elsewhere to see if there was anything there which may go part way, at any rate, to explain this.

MRS. SPROTT: Yes, I have papers on both these things, Mr. Drummond. I prepared one for the city council which was rather interesting in that it showed that we have in British Columbia the smallest families of any of the provinces, 3.7 is the size of our family, and that, as I said, we have a great many pensioners and a great many older people who come here. That is the size of our family in British Columbia, 3.7, which is a very small family indeed, and the income of the families here, the people who do have a good job earning more money in the province than they do elsewhere except when you get into Windsor or some place like that, or Oshawa. But the people who are in the low brackets are pitifully -- so that the average is about -- I just couldn't give you the figures right off hand, but it is -- when you take the average, there are a great



Mrs. Sprott

many people in Vancouver who are just living on the bare existence wage, a part-time wage, and, of course, you know our unemployment has been very serious here. So that taking our average income in the province where you have the mines and the woods, you get a higher wage rate than you do in the city. Taking the average of British Columbia, it looks very good.

COMMISSIONER DRUMMOND: The reason I asked you this question was I was just wondering whether there may be a relationship between income and the size of the family and perhaps a tendency to buy more of the higher priced foods here than in some other places.

MRS. SPROTT: I can buy B.C. apples cheaper in Montreal than I can buy them here right on your St. Catherines Street.

COMMISSIONER DRUMMOND: I would think that is so. I think that is all I have, Mr. Chairman.

THE CHAIRMAN: I think Mr. MacKichan has one question he would like to ask you, Mrs. Sprott.

COMMISSIONER MacKICHAN: I have one small question. The statement was made about this party who was penalized for selling milk of higher quality or a better quality. I take it



that it was likely a higher butterfat content --

MRS. SPROTT: Yes.

COMMISSIONER MacKICHAN: Not less bacterial or sediment or anything like that?

MRS. SPROTT: No, not bacterially, that is right.

COMMISSIONER MacKICHAN: That means you have got 17 or 18 or 20 ounces per pound probably?

MRS. SPROTT: Yes.

COMMISSIONER MacKICHAN: It falls in the same category.

MRS. SPROTT: There was more butterfat than was required. Our butterfat content is only 3.7.

COMMISSIONER MacKICHAN: There may be a misunderstanding somewhere. That it was just clear milk, etcetera, or something like that, rather than butterfat.

MRS. SPROTT: No, it was butterfat content that was mentioned.

COMMISSIONER MacKICHAN: That is all, thank you.

THE CHAIRMAN: Thank you very much, Mrs. Sprott. We are grateful to the City Council for their interest in you for coming here and giving us your views. Thank you very much.

MRS. SPROTT: Thank you, very much, Mr. Chairman.



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THE CHAIRMAN: The next brief is that
of the British Columbia Federation of Agriculture
which will be presented by Mr. Walls. Is Mr.
Walls here?

MR. WALLS: Yes, I am here.

THE CHAIRMAN: Would you sit down?

MR. WALLS: Thank you very much.

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SUBMISSION OF
BRITISH COLUMBIA FEDERATION OF
AGRICULTURE

PRESENT:

Mr. E. S. Walls,

Secretary-treasurer.

THE CHAIRMAN: We have had an opportunity to read through your brief. We would have been glad to have had a little more time to study it more thoroughly.

MR. WALLS: I would have been glad to have had more time to prepare it too.

THE CHAIRMAN: I merely mentioned that because we appreciate very much the work that has been put into the preparation of this voluminous brief.

MR. WALLS: Thank you very much.

THE CHAIRMAN: Your brief will be Exhibit 4.

EXHIBIT NO. 4: Brief presented by
the British Columbia
Federation of Agriculture.

THE CHAIRMAN: May I just ask you before you read it into the record this, Mr. Walls. You are associated with the British Columbia Federation of Agriculture in what capacity?

MR. WALLS: I am Secretary-manager.



THE CHAIRMAN: Would you tell us a little about the constituent members of your group and the total membership of the Federation?

MR. WALLS: I will be very pleased to. We are made up of 83 member organizations. We are a combination of 18 large co-operatives, that is commodity co-operatives, and the balance of local agricultural associations. Our total membership is something over 18,000. The total amount of farmers in the province is 25,000. We do not take in the Peace River block because that is handled by Alberta.

THE CHAIRMAN: In the preparation of this brief, have your Board of Directors been involved in the determination of the content of this brief? Has it been before them for approval?

MR. WALLS: It has not. There has not been an opportunity. There was guidance of two executive meetings, as to the general policy that should be outlined but from there on there has not been, unfortunately, time because we only got this brief completed on a Tuesday.

THE CHAIRMAN: I think you may proceed now, if you will, and read it into the record. I am afraid we cannot transcribe your nice looking graphs into the record, but you have a



comment on each.

MR. WALLS: I have a comment on each.

There will be no purpose in my reading the figures and appendices at the end on which the graphs are based.

THE CHAIRMAN: No. I think all the written material in your brief may be read.

MR. WALLS: We trust that the following data/^{which} we have prepared on actual price spreads on food-stuffs sold to Vancouver housewives will be of some assistance to your Commission in first assessing what has caused the farmer to receive an even smaller portion of the consumer's food dollar over the past decade.

It should also give you some guide to use in evaluating the variance in marketing margins and prices between Vancouver and other markets across Canada.

It is the fervent hope of the farmers in British Columbia that based on your studies you will be able to come forward with specific recommendations as to costly processing, packaging or merchandising services that can be eliminated so as to make possible a return for their produce more commensurate with that earned by the other sections of our society, and in keeping with the investment, long hours of work and



the gamble with the vagaries of nature with which farmers have to contend.

There are some who will question as to why we recommend that any saving be passed on to the farmer in preference to the consumer. First it should be kept in mind that farm families are also consumers -- roughly one sixth of the consumers in Canada, and secondly, as will be seen from the following table published by the Federal Department of Agriculture in the August issue of the Economic Annalist, the consumer generally across Canada is buying more food per hour of wages than ever before.

The figures I have quoted are for the years 1948 up which were compiled in 1956.

Quantities of Selected Foods Purchasable by One Hour's Industrial Wages in 1948 compared with 1956.

	<u>Bread</u> Loaves	<u>Flour</u> lb.	<u>Milk</u> qts.	<u>Butter</u> lb.	<u>Cheese</u> lb.	<u>Steak</u> lb.	<u>Roast</u> lb.
1948	6.8	15.0	5.1	1.3	1.6	1.6	2.2
1956	7.6	19.9	7.1	2.4	2.2	2.0	3.1
	<u>Pork</u> Loins	<u>Bacon</u> lb.	<u>Peaches</u> 15 oz. Tin	<u>Peas</u> 20 oz. Tin	<u>Tomatoes</u> 28 oz. Tin	<u>Eggs</u> Doz.	<u>Potatoes</u> 10 lb. bag
1948	1.6	1.1	4.1	2.0	3.7	1.5	2.3
1956	2.1	1.9	7.0	7.5	5.5	2.4	3.0



If the figures and graphs we present serve no other purpose, they should at least, if given any press or radio publicity, bring home to the consumer the fact that the B.C. farmer in January 1st this year received little more, and in some cases less for his produce than he did in 1948. What wage earner can say the same?

For the consumer prices quoted and placed before you in graph form covering beef, pork, frying chicken, fowl, potatoes, turnips, carrots and canned peas, we used the advertisements of Canada Safeway in the Vancouver province over the period from January 1st, 1948 to January 1st, 1958.

In using Canada Safeway advertisements, it was not with any purpose of investigation of price spreads of this particular retail outlet, but because they were the most consistent advertisers of food prices in the Vancouver area covering the ten-year period. It is further pointed out that the price spreads shown also include those of processing and wholesaling.

However, if there is any error to this method of illustrating price spreads on specific commodities between producer and consumer, it would be that they are over-conservative. This is due to the fact that in using advertised



prices only we may in many cases be using "special" prices in effect for short duration, and even loss leaders. The producer price quoted, especially in the case of poultry meat, was the average price of that period, whereas a purchaser as large as this chain store probably bought at the lowest quoted price.

In the interests of accurate comparison, we have only quoted and plotted on the following graphs the producer price that coincides with an advertised consumer price, and not all of the producer price changes in the past ten years.

You will note that we have neglected to show any price spread data covering one of British Columbia's main agricultural commodities -- fruit. This is due to the fact that our tree fruit industry has recently come under very complete Royal Commission scrutiny and we understand that the Commissioner, Dean MacPhee, has kindly agreed to make his findings with respect to price spread available to you.

It is interesting to note that the two commodities illustrated on which producer co-operatives are the principal processor and distributor, namely potatoes and fluid milk, are those that show the lowest increase and



variation in spread between producer and consumer price over the past ten years.

While we have prepared reasonably accurate data on the increased price spread on eleven food commodities that are produced in British Columbia, the following comparison of three D.B.S. indexes substantiates the more detailed analyses contained in our graphs: These are the three indexes the farm prices, the average salaries and wages in food and beverage industries and the index of retail food prices and they are all local:

BASIS 1949 = 100

Index of Farm Prices for B.C. as at Dec. 31st, 1957	up 7 per cent
Index of average salaries and wages in food and beverage industries in B.C.	up 56 per cent
Index of retail food prices in Vancouver	up 19 per cent

Labour costs, of course, are the first factor which comes to mind when attempting to find the reason for the increasing spread between producer and consumer prices, but from a study made by the United States Government, D.B. DeLoach, Chief of the Market Organization and Costs Branch, in the January 1958 edition of "Agricultural Marketing" discredits increased hourly wages as



an important item. He states, and I quote:

"Hourly earnings of workers engaged in marketing food were more than three times as high in 1957 as in 1939. However, unit labour costs rose only 2.3 times. This shows a pronounced rise in worker productivity. Sales per worker in retail stores rose from \$23,000 in 1939 to \$38,000 in 1956 in terms of 1956 dollars."

Mr. DeLoach is of the opinion that as total labour costs went up, the number of persons employed in processing and distribution activities increased also -- in fact about 37 per cent above 1939.

On the other hand, there is no data available to us to support the fact that increased packaging of all types of food products has resulted in greater employment of labour being responsible for the increased price spread. For instance, we are advised that the individual wrapping of steaks and roasts -- done principally by machine -- requires considerably less labour and cost than the old method of a butcher allowing the consumer first to select the quarter of beef of her



preference and then to slice and saw off the required portion to fit each individual purchase.

The fact that we are also advised that male meat cutters' wages have increased roughly 100 per cent, and females' approximately 200 per cent since 1948, while the price spread on this product shows a maximum increase of 60 per cent, might justify the assumption that modern packaging of meat has reduced the number of meat handlers required.

If mounting labour costs should not prove to be the main factor in creating increased price spreads, then discounting other contributing causes such as higher interest rates, higher transportation costs and increased taxes, the answer must lie in increased profits at either wholesale or retail levels, or both.

John A. Logan, President of the National Association of American Food Chains, in answer to such claims, points out in an article in March 13th, 1958 Western Livestock Journal:

"The average net profit earned by food chain retailers in 1956, according to Harvard University studies, was 1.4 per cent of sales. This figure is low compared to that of many other types of retail operations."



It is our hope that your Commission will not be misled if quoted similar figures, for what Mr. Logan omitted was to give the net earnings on the invested dollar instead of the sales dollar. The so-called low percentage, compared with other types of retailing, ignores the increased number of times the invested dollar is turned over in retail food merchandising as compared with shoes, jewellery or automobiles. We recommend to your study the number of times food retailers turn over their stock. Farmers look with envy on a profit such as Mr. Logan indirectly quoted.

We regret that, as a farm organization, we have not available the information necessary to prove any specific causes of the increasing price spread illustrated in the following graphs. The mere fact of our collecting this data will, we hope, show that we sympathise with the objects of this Royal Commission and are anxious to assist you with the responsibility you have taken on.

We have added some notes to each commodity graph in which we have attempted to give some interpretation of the picture they portray.

You will note that we have then followed



this section of our brief with a list of possible prejudicial marketing practices about which our farmers are concerned and solicit for **inclusion** in your studies.

You have also asked for an expression of opinion on the adequacy of existing Government statistical data. While not in a position to speak specifically on food price data, yet for two reasons we have refrained as much as possible from quoting you D.B.S. statistics of comparative indexes, the first being that these tables have doubtless been made available to your Commission and have thus already been under study, and secondly, because of lack of confidence in D.B.S. data through inadequate sampling, etcetera. A like experience in other provinces sponsored the following excerpt from the brief the Canadian Federation of Agriculture presented to the Federal cabinet on February 5th last, and I quote from this brief:

"As we move toward more complex and effective farm policies in this country, the accuracy and completeness of the information available to us about Canadian agriculture becomes increasingly important. We have had some examples



"recently of what we believe are unnecessary errors in Dominion Bureau of Statistics farm income data, and want to make a special plea that adequate funds be provided to enable our statistical information to be complete and accurate, to provide the necessary working tools for those interested in the study and formulation of farm problems and policy. In particular we hope the sample farm survey now being planned by the Dominion Bureau of Statistics receives the full approval and support of the Government and is pursued with all speed. The information, to be collected by specially trained enumerators, which this survey would provide, is very greatly needed."

B E E F

COMPARISON WITH 1948

Jan.1st, 1958	Producer price	- No increase
Jan.1st, 1958	Consumer price sirloin steak	- up 60%
Jan.1st, 1958	Consumer price ground beef	- up 22%

It would appear that a change of policy was decided upon in respect to marketing meat at retail level in 1953, for whereas previous to that date the increase in selling price of



ground beef kept practically in step with that of sirloin steak, from 1953 onwards ground beef was held fairly close to the producer price ratio and a widening spread appeared on the higher priced cuts. A check was taken on standing rib roast and found to be approximately the same as that shown for sirloin steak.

When meat prices rose considerably there was a tendency not to advertise the higher priced cuts. This, you will see, applied during almost the entire year of 1951, when sirloin steak was not advertised.

In establishing comparable consumer and producer prices, we have quoted the prevailing producer price two weeks prior to the consumer price to allow for the usual packinghouse shrinking and ageing period.

The next graph is on pork, and again comparing January 1st, 1958 with the prices that were in February in 1948 we find that the producer price in January 1st, 1958 was 2 per cent less than it was ten years ago, and that the consumer price was up 20 per cent.

It is interesting to note that in pork, as in beef, the consumer price changes keep very close to those of the producer price until 1952. The spread widened considerably from 1952 onwards.



It had been our intention to also show bacon, but there was insufficient consistency of brand advertising to present any picture over the years.

There have also been periods when half pound packages have been given preference over the one pound package, and it is more costly to wrap and package two half pounds than a one-pound package.

In establishing comparable consumer and producer prices, we have quoted the prevailing producer price two weeks prior to the consumer price to allow for the usual packinghouse shrinking and ageing period.

The next two graphs are on frying chicken, and on fowl, and again the comparison shows that 1949 equal to 100, that in February of 1958 the producer price of frying chicken was 11 per cent less than it was in 1948, beginning of 1948, and in February, 1958 the consumer price was up 9 per cent. The producer price down 11, consumer price up 9. That is frying chicken.

We then move to fowl. In October of 1957, which was the last price advertised, the producer price was 16 per cent lower than it was in 1948, and the consumer price was up 14 per



cent from what it was in 1948.

We have made comparisons on both frying chicken and fowl as fairly as possible, for while the Markets Branch of the Provincial Department of Agriculture have consistently over the past ten years published a price for live weight birds, the basis of consumer merchandising on poultry meat has varied considerably.

In 1948 it started off on a New York dressed basis. This changed to head and feet off, then to eviscerated, finally to cut up, tray packed eviscerated.

In order to take these differences into account for the purposes of our graphs, we have made the following adjustments to the 1948 base price for frying chicken and fowl.

In frying chicken the percentage of shrink in converting from live weight to eviscerated is about 25 per cent and in fowl 26 per cent. For frying chicken we have therefore added 11 cents (26 per cent) to the 1948 base price of 43 cents in calculating percentage change on the eviscerated product.

For fowl we have added 9 cents (27 per cent) to the base price of 34 cents in calculating percentage change. In the case of fowl with head and feet off, before calculating



percentage change we have deducted 3 cents from the advertised consumer price, which would bring it into line with an advertised price on the same date for fowl with head and feet on.

One of our member organizations -- a poultry co-operative -- questions the accuracy of the price quotations contained in the Federal Government Market Information Service Poultry Products Report. For example, the price quoted on this to retail for February 25th, 1958 is 50 cents, whereas the bulk of sales made by Vancouver dealers on that date were at 48 cents per pound.

It is interesting to note that on all meats illustrated, beef, pork, frying chicken and fowl, there was a conformity of price spread up to the period 1951-52, and the widening spread on each of these commodities is evidence after these dates.

I will next deal with potatoes, turnips, and carrots, and this covers the three graphs covering these products. Potatoes, again in comparison with 1948, on January 1st, 1958 the producer price was down 10 per cent over what it was on January 1st, 1948. The consumer price was up 4 per cent over what it was



in 1958.

We have quoted the producer price as that for washed, graded and sacked, ready for wholesale account. True, this processing of the product in B.C. is carried out by a marketing board and the producer pays certain fixed charges covering the cost of its operations, but this is the only fair way in which the price can be quoted so as to give a comparison with other provinces not similarly set up under marketing boards, in each of which the individual farmer has to grade, wash, sack and sell his own product.

It will be noted that the most extreme variations in the selling price shown on the graph are on early potatoes, and are of very short duration on our market. The retail price follows the producer price very consistently in this product.

Most of the extreme drops in price on potatoes were created through the unloading on our markets of American surpluses.

Turnips. Comparison with 1948, January 1st, 1958 the producer price was up 8 per cent and the consumer price was up 20 per cent.

It will be noted from the graph covering



the past ten years' prices that the consumer price rose and fell in sympathy with the producer price, never quite dropping as low as the producer price, nor rising as high in the one lone period 1952.

It is believed the reason for this is that the consumer price is set on a per pound basis and is usually established at the nearest cent. This could make quite a variation on a product costing around 4 cents.

Carrots. The comparison with 1948, on January 1st, 1958, the producer price was up 42 per cent. The consumer price on January 1st, 1958 was up 70 per cent.

In respect to prepackaging of potatoes, carrots, etcetera, the producer marketing board points out that the cost of prepackaging service such as labour, bags, etcetera, is entirely absorbed by the wholesaler inasmuch as the operational costs for such services and supplies are added to the basic per ton price. In respect to 10-pound polyethylene prepacks, the spread per ton will range between \$16 and \$18 dependent on the type of container, variation in costs of same, and labour and delivery variations.

In many instances, however, prepackaging



is done by the wholesaler after having purchased the product in 100-pound containers -- naturally in which case the wholesaler must similarly assume the full cost of prepackaging expense.

The next graph is on canned peas. This is the healthiest one of all, as you will see. The comparison with 1948, both the producer price and the consumer price is up 6 per cent, as of January 1st, this year, or as of the end when the crop was bought, all the 1957 crop was bought.

The relationship between producer and retail price on canned products is very hard to assess for the following reasons:

1. That the price paid to the producer for the peas that go into the can is such a fractional part of the eventual price (about 3 cents in a 15-oz. can).
2. It is a product greatly used as a loss leader or "special".
3. It at times has come under heavy competition from American surpluses. (That would apply generally to most canned crops.)
4. Price competitiveness with a



product that is gaining increased popular appeal -- frozen peas.

The next graph is on milk. Because all figures were available, we were able to enlarge a little and bring in a little more comparison, as you will note, so in comparison with 1948, as of January 1st, 1958 the producer price was up 51 per cent, the consumer price was up 60 per cent. The milk drivers' basic wages was up 117 per cent, and the dairy workers' wages was up 93 per cent.

The graph shows that on this product the consumer and producer price changes have been more consistent with each other than on any other food item illustrated.

There happens to be a greater variation between the producer price and the price charged to the consumer at the present time due to the fact that since October 1956 the producer price has been set by a formula which varies month by month.

This stability of both producer and consumer prices is without a doubt the result of this product being under Board control for the past ten years, even although the Milk Board has not established the consumer price since 1953.



There has been a considerable change in the marketing of milk during the past ten years. In 1948 63 per cent of milk was home delivered. This has now dropped to 46 per cent. This has been brought about by the increased selling of milk from retail stores at a saving of 2 cents per quart.

Additional expense to most dairies has been the conversion of a considerable portion of their output to paper containers, as opposed to 100 per cent glass bottle operation in 1948. It is estimated that the paper container costs more per delivery than glass.

Eggs. On the one for eggs, instead of in percentages, I left it at price per dozen, grade "A" large, and again eggs giving the comparison as shown on the graph, in January 31st, 1958 the producer price was down 7 cents per dozen compared with 1948. On January 1st, 1958 the consumer price was down one cent per dozen.

This has been brought about by an increase in wholesale and retail handling charges of 50 per cent -- from 12 cents per dozen in 1948 to 18 cents per dozen in 1958.

A study should be made by your Commission as to the variance in handling charges



between the main markets across Canada. While the total handling costs are fairly uniform to all markets, yet from the following table it will be seen that Vancouver wholesale handling charges are much higher than those in other marketing centres, whereas the retail margin is proportionately lower.

I got the figures over the past 10 years of Vancouver, Winnipeg and Montreal, showing the Vancouver wholesale spread is 14 cents today. Winnipeg, which has just recently gone up to 12 from 10 cents and Montreal where it is 10 cents. In other words, our wholesale spread is 40 per cent above what it is in Montreal. On the other hand, when we come to retail spread in Vancouver it is 4 cents, and in Winnipeg it is 6-1/2 cents, and Montreal it is 8-1/2, so we finish up with a total spread of approximately the same amount right across Canada.

If the Vancouver wholesale marketing charges could be reduced to those in effect in Montreal and the retail margin remains as at present, total handling charges in 1958 would then be no greater than they were in 1948.

It will be noted that the wholesale spread has doubled between 1949 and 1957 from 7 cents to 14 cents.



A study made by the Extension Department of the University of British Columbia in 1949 entitled "An Economic Study of the Wholesale Marketing of Eggs in B.C." shows that the whole-sale marketing costs at the time were considered unnecessarily high due to the fact that only 49 per cent of the capacity of the egg grading stations were being utilized.

The total amount of eggs handled in 1949 was 24,853,000 dozen. Production in 1957 had risen to 35,094,000 dozen. Therefore, if the same candling capacity has been maintained from 1949 to 1957, the increase of approximately 40 per cent in the amount of eggs going through these stations should have reduced the handling costs to the extent that it would at least partially offset wage increases.

If this hypothesis is correct, there would appear little justification for an increase of 100 per cent in wholesale spread.

And that is the end of the graphs. Now I would like to deal with 14 points that are possible, and I say "possible" deliberately.

POSSIBLE PREJUDICIAL MARKETING PRACTICES
ABOUT WHICH B.C. FARMERS ARE CONCERNED
AND SOLICIT FOR INCLUSION IN YOUR STUDIES

1. Whether the watering of green vegetables in stores is done to maintain freshness or as



a means of additional profit by increasing the weight of the product.

2. The extent to which the principal chain stores on the Vancouver market feature only Red Brand beef prejudices the ability of the consumer to buy good meat at lesser cost which falls into lower grades as a result of animal conformation or lack of required fat, etcetera, and the extra meat outlay the housewife has to pay in order to cover the amount of fat the retailer then has to trim off his top grade meat to make it consumer acceptable.

3. Why there is such a wide variation at the present time between different brands of side bacon, yet there appears to be no greater amount of lean on one brand than the other? If it is claimed that lower grade hogs are used on the cheaper brands, surely this is offset by the fact that a greater amount of fat must first be trimmed off.

4. To what extent retail food chain stores utilize advertised "specials" to encourage customers, yet may make a larger profit on non-advertised products than other stores in order to maintain an adequate overall profit.

5. To what extent B.C.'s Act respecting Minimum Loss for Commodities,



which stipulates that meats and groceries cannot be sold retail for less than 5 per cent above what the retailer purchased them for, is observed, and to what extent it is circumvented by large retailers who own their own wholesale and take the loss at wholesale level so as to show a fictitious retail profit above 5 per cent.

6. If the retail price offered by stores within the same chain are at variance between one city and another to a greater extent than the transportation costs between these two cities warrant (i.e.) Vancouver and Victoria).

7. Whether increased packaging of food products is not because of "consumer preference", but rather because of "consumer acceptance" after chain store merchandisers have thought it up as a sales gimmick.

8. When a new type of container is evolved, does the retailer generally insist that he obtain the product it contains at the same purchase price as before so that the increased cost of this packaging comes out of the producer rather than being paid for by the consumer, who apparently blesses it with either her acceptance or preference?

9. Who establishes the price of eggs



and why is it set at the wholesale level, so that the producer price is adversely affected in those areas which have higher candling and packaging costs than others?

10. As heifers of the same grade as steers are paid for on a basis of approximately 2 cents per pound, less than steers, yet the meat from both animals is sold at the same retail price, does any difference in the cutting quantity of marketable meat warrant as large a variance in producer price (approximately 10 per cent)?

11. As packing houses claim their charges are little, if any, per pound of meat handled, dependent on the price they receive for offal, and as meats generally show the greatest increase in price spread since 1948, which is claimed to be a result of increased labour costs in prepackaging, why should duplication of this work not be eliminated by the packer cutting up and wrapping so that the individual retailer would just order his requirements in so many steaks or rib roasts?

12. On certain fruits and vegetables which are sold in the same store in both loose and packaged form, the "loose" price often appears to be out of all relationship with the



price charged for the packaged article.

13. B.C. poultrymen feel that there should be a premium paid for fresh eggs over storage eggs, and that if this is not feasible or is prejudicial to top quality storage eggs, there should at least be a tightening up on Government grading to eliminate poorer quality storage eggs being wrongfully identified and thus prejudicial against increased consumption of this product. It is pointed out that lack of such action may well be the cause of our per capita consumption being six dozen eggs per year less than are consumed by the people of the United States.

14. We understand that a large retail chain, who up to now have operated their own wholesale egg plant, are now planning to eliminate this operation by the selection of large producers, and paying them a premium but demanding that the producer candle and carton the eggs. On the face of it such action will no doubt narrow the current producer to consumer price spread, but will it not mean that all other eggs handled through the regular channels will have to be competitive at retail with the prices offered by this chain, so that the saving in price spread will be at the



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E.S. Walls

expense of the producers in an industry that is already hard hit to the extent that the producers are receiving 7 cents per dozen or 18 per cent less than they received ten years ago?

Respectfully submitted on behalf of
the B. C. Federation of Agriculture.

THE CHAIRMAN: Thank you very much,
Mr. Walls.

MR. WALLS: The next set of sheets are the figures with the dates advertised in the Vancouver Province, the price taken off, and the producer price of the like dates.

--- Recess.

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B E E F

Appendix A

BASED ON PRODUCER PRICE GOOD STEERS VANCOUVER
AND CONSUMER PRICE SIRLOIN STEAK*

<u>Date</u>	<u>Consumer Price</u>	<u>% Change (1948 = 100%)</u>	<u>Producer Price</u>	<u>% Change 1948 = 100%</u>
<u>1948</u>				
Jan. 21	49¢	100	15.50	100
Feb. 18	49¢	100	14.75	95
Aug. 2	60¢	122	-	-
Aug. 25	63¢	129	25.00	161
Sept. 8	73¢	149	25.00	161
Dec. 8	59¢	120	20.50	133
<u>1949</u>				
Feb. 9	65¢	133	-	-
Mar. 23	65¢	133	-	-
Apr. 27	65¢	133	21.00	136
May 30	65¢	133	-	-
June 27	69¢	141	21.75	140
Dec. 14	67¢	137	20.00	129
<u>1950</u>				
Jan. 18	65¢	133	-	-
Apr. 12	73¢	161	25.00	161
May 10	79¢	161	26.00	168
Oct. 23	79¢	161	24.65	160
Nov. 22	82¢	168	26.50	171
Nov. 29	79¢	161	26.50	171
Dec. 20	79¢	161	28.20	182
<u>1951</u>				
Feb. 21	92¢	188	30.00	194
<u>1952</u>				
Jan. 30	99¢	202	31.50	204
July 9	89¢	182	22.90	148
Aug. 28	89¢	182	24.60	159
Dec. 10	85¢	174	21.00	136



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Appendix A
(Continued)B E E F

<u>Date</u>	<u>Consumer Price</u>	<u>% Change (1948 = 100%)</u>	<u>Producer Price</u>	<u>% Change 1948 = 100%</u>
<u>1953</u>				
Jan. 14	85¢	174	22.50	145
Feb. 18	79¢	161	21.00	136
Mar. 5	75¢	153	21.00	136
Dec. 7	72¢	147	17.50	113
<u>1954</u>				
Feb. 24	69¢	141	17.50	113
Oct. 13	89¢	182	18.90	122
Dec. 8	79¢	161	19.30	125
<u>1955</u>				
Jan. 5	89¢	181	19.05	123
Mar. 9	75¢	153	19.00	123
Apr. 13	75¢	153	18.50	119
June 18	94¢	192	18.45	119
July 13	89¢	182	19.00	123
Sept 21	89¢	182	18.25	118
Oct. 19	89¢	182	17.85	115
<u>1956</u>				
Jan. 1	79¢	161	17.03	110
Mar. 1	69¢	141	16.28	105
May 18	79¢	161	17.73	114
Nov. 7	79¢	161	18.49	119
<u>1957</u>				
Feb. 9	79¢	161	18.06	117
Mar. 27	75¢	153	17.51	113
May 29	89¢	182	18.25	118
Aug. 1	89¢	182	18.45	119
Sept. 5	89¢	182	18.25	118
Oct. 28	79¢	161	15.59	101

* Consumer Prices as per one chain store advertisement in the Vancouver Province, Producer Prices from Federal Government Department of Agriculture weekly Livestock Reports and from Vancouver Public Stockyard reports.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

B E E F

BASED ON PRODUCER PRICE GOOD STEERS VANCOUVER
AND CONSUMER PRICE GROUND BEEF *

Date		Consumer Price	% Change (1948 - 100%)	Producer Price	% Change (1948 - 100%)
8					
Jan.	21	32¢	100	15.50	100
Mar.	1	29¢	94	14.75	95
Apr.	5	33¢	103	15.00	97
June	21	47¢	147	-	-
July	7	43¢	133	-	-
Aug	2	47¢	147	-	-
Nov	15	45¢	140	20.50	133
0					
Mar	8	47¢	147	21.80	141
May	22	59¢	184	25.00	161
June	12	59¢	184	25.00	161
Nov.	29	59¢	184	26.50	171
1					
Jan	24	65¢	203	29.25	189
Feb	19	69¢	216	30.00	194
Mar	28	72¢	225	32.50	210
May	28	72¢	225	32.75	211
July	9	79¢	247	34.25	221
Sept	19	79¢	247	34.15	220
Sept	26	82¢	256	34.15	220
Oct	22	83¢	259	33.50	216
2					
Jan	16	79¢	247	31.50	203
June	9	62¢	194	21.75	140
June	23	59¢	184	22.90	148
Aug	27	59¢	184	24.60	159
Oct.	8	55¢	172	22.75	147
3					
Feb	18	49¢	153	21.00	136
Oct	14	39¢	122	17.75	108
Dec	7	39¢	122	17.50	113
4					
Feb	24	39¢	122	17.50	113
July	7	35¢	109	19.13	123
5					
Apr	13	39¢	122	18.50	119
Sept	7	3 lb.- \$1	104	19.00	123
Dec	7	39¢	122	17.03	110



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

B E E FAppendix B
(Continued)

<u>ate</u>		<u>Consumer</u> <u>Price</u>	<u>% Change</u> <u>(1948 - 100%)</u>	<u>Producer</u> <u>Price</u>	<u>% Change</u> <u>(1948 - 100%)</u>
96					
Mar.	14	2 lb.- 69¢	109	16.28	105
May	18	2 lb.- 65¢	103	17.73	114
June	13	2 lb.- 69¢	109	17.73	114
July	4	2 lb.- 69¢	109	18.00	116
Aug	1	33¢	103	18.02	116
Sept	9	39¢	122	19.66	127
Nov	7	39¢	122	18.49	119
97					
Feb	9	39¢	122	18.06	117
May	29	39¢	122	18.25	118
July	11	39¢	122	17.53	113
Sept	5	39¢	122	18.25	118
Oct.	24	39¢	122	15.78	102
Nov	28	39¢	122	15.59	101

Consumer Prices as per one chain store advertisement in the Vancouver Province. Producer Prices from Federal Government Dept. of Agriculture Weekly Livestock Reports and from Vancouver Public Stockyard reports.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

P O R K

Page 65
Appendix C

BASED ON PRODUCER PRICE FOR B1 HOGS, VANCOUVER
AND CONSUMER PRICE ON LEG ROAST *

<u>Date</u>	<u>Consumer Price</u>	<u>% Change (1948 - 100%)</u>	<u>Producer Price</u>	<u>% Change (1948 - 100%)</u>
<u>1948</u>				
Feb. 25	41¢	100	28.70	100
Mar 4	41¢	100	28.70	100
Apr 14	42¢	102	28.77	100
May 19	41¢	100	29.30	102
June 3	43¢	105	29.30	102
<u>1949</u>				
Feb 23	42¢	102	30.23	105
<u>1950</u>				
Feb 15	39¢	95	28.27	98
Sept 20	49¢	120	32.00	112
Nov 2	39¢	95	29.95	104
<u>1951</u>				
Aug 29	59¢	114	30.35	134
Oct. 10	49¢	120	34.93	122
<u>1952-</u>				
Oct. 8	49¢	120	27.47	96
Nov. 26	43¢	105	25.77	90
<u>1953</u>				
Feb. 18	53¢	130	24.25	84
June 3	59¢	144	33.25	116
Oct 28	57¢	139	33.25	116
Nov 23	53¢	130	31.25	109
<u>1954</u>				
Feb 17	59¢	144	34.62	121
Mar 3	59¢	144	34.62	121
Sept 15	49¢	120	30.27	106
Oct 13	59¢	144	30.27	106
Dec 15	65¢	159	22.93	80
From here on retail prices include both boned and unboned leg. % change for boned leg estimated on basis of 20¢ lb increase on unboned price.)				
<u>1955</u>				
Mar 16	63¢	105	22.90	80
Apr 4	63¢	105	24.06	84
June 8	65¢	110	23.82	83
Oct 12	4.¢	120	26.63	93
Nov 23	45¢	110	21.60	76



ALGUS. STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

P O R KAppendix C

(Continued)

<u>Date</u>		<u>Consumer Price</u>	<u>% Change (1948 - 100%)</u>	<u>Producer Price</u>	<u>% Change (1948 - 100%)</u>
<u>56</u>					
Feb	2	62¢	105	18.57	65
Apr	14	65¢	110	22.26	78
Dec	17	79¢	144	31.40	109
<u>57</u>					
Mar	13	79¢	144	-	-
Oct	10	69¢	120	-	-
Oct	17	69¢	120	29.15	102
Nov	14	63¢	105	-	-
<u>58</u>					
Jan	9	69¢	120	-	-

* Consumer Prices as per one chain store advertisement in the Vancouver Province. Producer Prices from Federal Government Dept. of Agriculture weekly Livestock Reports and from Vancouver Public Stockyard reports. The \$1.00 Federal Government premium is included in the producer price.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

F R Y I N G C H I C K E NAppendix D

BASED ON PRODUCER PRICE FOR LIVE WEIGHT FRYING CHICKEN
AND CONSUMER PRICE FOR NEW YORK DRESSED - VANCCOVER

<u>Date</u>	<u>Consumer Price</u>	<u>% Change (1948 = 100%)</u>	<u>Producer Price</u>	<u>% Change (1948 = 100%)</u>
<u>1948</u>				
Apr. 7	43¢	100	28¢	100
May 10	43¢	100	30¢	107
July 21	45¢	105	30¢	107
Aug. 18	45¢	105	30¢	107
Nov. 10	47¢	109	32¢	114
<u>1949</u>				
Feb. 23	52¢	126	32¢	114
Apr. 13	43¢	100	26¢	93
May 30	45¢	105	-	-
<u>1950</u>				
Jan. 25	45¢	105	30¢	107
Mar. 15	45¢	105	30¢	107
Dec. 13	55¢	128	35¢	125
<u>1951</u>				
Jan. 10	45¢	107	35¢	125
Feb. 21	49¢	114	35¢	125
May 9	47¢	109	27-30¢	102
Dec. 5	49¢	114	-	-
<u>1952</u>				
June 25	47¢	109	28¢	100
July 9	49¢	114	28¢	100
After this date retail prices in most cases are for pan- ready cut-up chicken and adjustment has been made in per- centage change.				
<u>1953</u>				
Jan. 14	69¢	128	-	-
Apr. 29	67¢	124	-	-
June 3	69¢	128	-	-
July 22	69¢	128	28-30¢	104
Oct. 14	65¢	120	26-28¢	96
Nov. 17	79¢	146	26-28¢	96



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

F R Y I N G C H I C K E NAppendix D
(Continued)

<u>Date</u>	<u>Consumer Price</u>	<u>% Change</u> (1948 = 100%)	<u>Producer Price</u>	<u>% Change</u> (1948 = 100%)
<u>1954</u>				
Jan. 20	59¢	109	26-28¢	96
May 12	59¢	109	24-26¢	89
July 7	63¢	117	26¢	93
Aug. 18	63¢	117	26¢	93
Sept 15	59¢	109	26¢	93
Oct. 13	59¢	109	26-28¢	96
Nov. 3	63¢	117	26-28¢	96
Nov. 24	55¢	102	26-28¢	96
Dec. 15	63¢	117	24-26¢	89
<u>1955</u>				
Jan. 5	59¢	109	-	-
Jan. 19	59¢	109	-	-
Apr. 4	59¢	109	26-28¢	96
Apr. 13	59¢	109	26-28¢	96
Apr. 27	62¢	115	26-28¢	96
July 13	62¢	115	26-28¢	96
Aug. 31	59¢	109	26-28¢	96
Oct. 5	64¢	119	27-29¢	100
Oct. 19	59¢	109	27-29¢	100
<u>1956</u>				
Feb. 1	59¢	109	26-28¢	96
Mar. 14	59¢	109	26-28¢	96
Apr. 4	59¢	109	26-28¢	96
June 6	59¢	109	26-28¢	96
Aug. 8	59¢	109	26-28¢	96
Sept 12	59¢	109	25-27¢	93
Sept 19	59¢	109	24-26¢	89
Oct. 17	53¢	98	22-25¢	84
Nov. 28	49¢	91	15-22¢	66
<u>1957</u>				
Mar. 6	59¢	109	25¢	89
Apr. 24	59¢	109	25¢	89
May 29	59¢	109	-	-
June 27	59¢	109	26-27¢	93
July 4	59¢	109	26-27¢	93
Aug. 1	59¢	109	26-27¢	93
Sept 29	59¢	109	24-25¢	87
Nov. 28	59¢	109	24-25¢	87
<u>1958</u>				
Feb. 13	59¢	109	25¢	89

* Producer prices obtained from Provincial Government Department of Agriculture, B.C. Market Reports. Consumer prices as per one chain store advertisement in the Vancouver Province.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

F O W LAppendix E

BASED ON PRODUCER PRICE FOR LIVE WEIGHT FOWL
AND CONSUMER PRICE FOR NEW YORK DRESSED FOWL, VANCOUVER *

Date	Consumer Price	%Change (1948 - 100%)	Producer Price	%Change (1948 - 100%)
1948 Jan. 8	34¢	100	21-23¢	100
Feb. 18	34¢	100	21-23¢	100
Mar. 4	29¢	86	21-23¢	100
Apr. 7	34¢	100	21-23¢	100
May 26	35¢	103	21-24¢	103
Aug. 4	31¢	91	-	-
Sept. 22	39¢	115	-	-
Oct. 27	39¢	115	-	-
Dec. 8	41¢	121	20-28¢	110
1949 Jan. 5	44¢	129	20-28¢	110
Feb. 23	39¢	115	-	-
Apr. 27	42¢	124	24-32¢	127
May 25	45¢	132	-	-
June 27	43¢	127	24-30¢	123
July 13	37¢	109	22-26¢	109
Sept. 28	35¢	103	22-26¢	109
Oct. 5	37¢	109	22-26¢	109
Oct. 25	37¢	109	20-24¢	100
Dec. 4	35¢	103	-	-
1950 Jan. 4	37¢	109	-	-
May 10	39¢	115	20-28¢	109
June 12	39¢	115	20-28¢	109
July 26	42¢	124	22-28¢	114
Aug. 23	42¢	124	24-28¢	118
Aug. 30	59¢ cut-up	137	24-28¢	118
Oct. 23	42¢	124	24-31¢	125
Nov. 8	42¢	124	26-31¢	129
1951 Jan. 3	49¢	144	30-34¢	145
Jan. 24	52¢	153	30-34¢	145
Feb. 19	49¢	144	30-34¢	145
June 20	57¢	168	28-34¢	141
July 18	55¢	162	30-40¢	160
Sept. 12	53¢	156	34-38¢	164
Sept. 19	48¢	141	32-38¢	159
Oct. 22	45¢	132	27-34¢	134

Before this date retail prices are for New York dressed. After this date retail prices quoted include fowl with head and feet off, eviscerated, and eviscerated and cut-up fowl. Appropriate adjustments have been made.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

F O W L Continued.

te		Consumer	%Change	Producer	%Change
		<u>Price</u>	<u>(1948 = 100%)</u>	<u>Price</u>	<u>(1948 = 100%)</u>
52	Jan. 2	49¢	144		
	Jan. 16	49¢	144		
	Feb. 13	49¢	144		
	Mar. 26	47¢	138	26-30¢	127
	May 7	45¢	132	24-26¢	111
	June 3	33¢	97	24-26¢	111
	July 30	37¢	103	18-24¢	95
	Sept. 20	39¢	109	-	-
	Oct. 2	37¢	103	-	-
53	Jan. 14	39¢	109	-	-
	June 10	52¢	141	26-32¢	132
	July 15	47¢	129	26-32¢	132
	Aug. 12	47¢	129	23-28¢	116
	Oct. 21	42¢	115	26-25¢	102
	Dec. 7	48¢	132	23¢	104
54	Jan. 20	45¢	124	23¢	104
	May 26	49¢	114	17-22¢	111
	Sept. 15	45¢	105	-	-
	Oct. 13	47¢	109	16-18¢	77
	Dec. 28	42¢	114	-	-



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

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F O W L - continued

	Date	Consumer Price	%Change (1948 = 100%)	Producer Price	%Change (1948 = 100%)
<u>1955</u>	Jan.19	47¢	109	-	-
	Feb. 9	45¢	105	-	-
	Mar.30	49¢	114	17-22¢	89
	Sept. 7	57¢	133	18-22¢	91
	Oct. 5	55¢	128	-	-
	Dec.19	59¢	137	-	-
<u>1956</u>	Jan.18	49¢	114	22-25¢	107
	Sept.12	53¢	123	-	-
	Oct. 3	49¢	114	-	-
<u>1957</u>	Jan.30	45¢	105	-	-
	Feb.20	47¢	109	14-20¢	77
	Mar. 6	47¢	109	16-24¢	90
	Apr.24	45¢	105	16-24¢	90
	May 29	47¢	109	16	73
	June 27	45¢	105	13-17¢	68
	Oct. 10	49¢	114	15-22¢	84

* Consumer prices as per one chain store advertisement in the Vancouver Province. Producer price obtained from Provincial Gov't Dept. of Agriculture, B.C. Market Reports.

In regard to producer price, an average of the highest and lowest price for various weights has been taken, although in actual fact a large retail outlet would probably buy at the lowest price.



ANGUS, STONEMOUSE & CO. LTD.
TORONTO, ONTARIO

P O T A T O E SAppendix F

BASED ON PRODUCER AND CONSUMER PRICE:
FOR NO. 1 GEMS - NO. 1 EARLIES, VANCOUVER

Date	Consumer Price	%Change (1948 = 100%)	Producer Price	%Change (1948 = 100%)
<u>1948</u> Nov. 1	\$ 0.43 - 10 lb.	100	\$ 3.10 - 100 lb.	100
Dec. 1	0.45	105	3.10	100
<u>1949</u> Jan. 31	0.37	86	3.10	100
Feb. 2	0.45	105	3.10	100
July 6	0.49	114	4.00	129
Aug. 10	0.45	105	3.00	97
Aug. 31	0.45	105	2.50	81
Sept. 21	0.45	105	3.00	97
<u>1950</u> Feb. 15	0.45	105	3.10	100
Apr. 19	0.39	91	2.75	89
July 5	0.45	105	3.50	113
July 12	0.42	98	3.50	113
July 26	0.39	91	3.00	97
Sept. 20	0.29	67	2.50	81
Oct. 11	0.32	74	2.00	65
<u>1951</u> July 2	0.22	123	4.15	134
Aug. 1	0.39	91	2.65	85
Oct. 3	0.42	98	2.90	94
Oct. 22	0.48	112	3.20	103
<u>1952</u> June 23	0.69	160	4.50	145
July 2	0.25 - 4 lb.	144	3.75	121
July 9	0.65 - 10 lb.	151	5.25	170
July 30	0.59	137	3.75	121
Oct. 15	0.55	128	3.50	113
<u>1953</u> Feb. 5	0.47	109	3.50	113
June 17	0.45	105	3.00	97
July 22	0.39	91	1.75	56
Aug. 12	0.29	67	1.50	48
Oct. 21	0.89 - 25 lb.	81	2.25	73
Dec. 21	0.37 - 10 lb.	86	2.25	73
<u>1954</u> Jan. 6	0.43	100	2.25	73
Feb. 17	0.41	95	2.00	65
Mar. 10	0.41	95	2.00	65
June 28	0.67	156	5.00	161
Aug. 18	0.49	114	2.85	92
Sept. 27	0.45	105	2.60	84
Nov. 7	0.37	86	2.60	84
<u>1955</u> Jan. 5	0.42	98	2.90	94
Jan. 26	0.47	109	3.10	100
Mar. 30	0.55	128	3.50	113
July 6	0.59	137	3.65	115
Sept. 28	0.39	91	2.30	74
Oct. 5	0.43	100	2.00	65
Oct. 19	0.45	104	2.30	74
Nov. 30	0.53	123	2.75	89



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

T U R N I P SAppendix GBASED ON PRODUCER AND CONSUMER PRICE - VANCOUVER

<u>Date</u>	<u>Consumer Price</u>	<u>%Change (1948 = 100%)</u>	<u>Producer Price</u>	<u>%Change (1948 = 100%)</u>
1948 July 21	5¢-1 lb.	100	\$ 3.00	100
Oct. 7	4¢ "	80	1.85	62
1949 Jan. 31	4¢ "	80	2.20	73
Aug. 31	4½¢ "	90	2.60	87
Sept. 21	4½¢ "	90	2.35	78
Oct. 19	4½¢ "	90	2.35	78
1950 Feb. 15	4½¢ "	90	1.85	62
Oct. 11	4¢ "	80	2.00	68
1951 Aug. 1	7¢ "	140	5.00	167
1952 Sept. 1	6¢ "	120	3.00	100
1953 Dec. 7	5¢ "	100	2.50	83
1954 Dec. 15	9¢-2 lb.	90	2.50	83
1955 Mar. 14	9¢ "	90	2.00	67
1956 Sept. 12	5¢-1 lb.	100	3.00	100
Nov. 21	4¢ "	80	2.50	83
Dec. 5	4¢ "	80	2.50	83
1957 Nov. 4	5¢ "	100	3.00	100
1958 Jan. 9	6¢ "	120	3.25	108

x Consumer prices as per one chain store advertisement in the Vancouver Province. Producer prices obtained from B.C. Coast Vegetable Marketing Board.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

C A R R O T S

Appendix H x

BASED ON PRODUCER AND CONSUMER PRICE - VANCOUVER

<u>Date</u>	<u>Consumer Price</u>	<u>%Change</u> <u>(1948 = 100%)</u>	<u>Producer Price</u> <u>100 lbs.</u>	<u>% Change</u> <u>(1948 = 100%)</u>
1948 Aug. 1	5¢ - 1 lb.	100	\$ 3.50	100
1949 Sept. 28	11¢ - 2 lb.	110	3.00	86
Nov. 23	11¢ - "	110	3.10	89
1950 Mar. 1	13¢ - "	130	3.10	89
Aug. 30	4 1/2¢ 1 lb.	90	2.60	74
Sept. 5	25¢ - 4 lb.	125	2.60	74
Sept. 25	15¢ - "	75	2.60	74
1951 Jan. 20	15¢ - 2 lb.	150	2.50	86
July 18	17¢ - "	170	5.00	143
Aug. 1	15¢ - "	150	5.00	143
Aug. 8	15¢ - "	150	5.00	143
Oct. 31	6¢ - 1 lb.	120	3.75	107
1952 July 30	5¢ - "	100	3.40	97
Aug. 13	5¢ - "	100	3.40	97
Sept. 10	4 1/2¢ - "	90	3.25	93
1953 Aug. 12	15¢ - 2 lb.	150	5.00	143
Sept. 30	7¢ - 1 lb.	140	4.50	129
1954 June 28	21¢ - 2 lb.	210	5.00	143
July 28	19¢ - 3 lb.	127	4.50	129
Aug. 18	19¢ - "	127	4.00	114
Sept. 27	6¢ - 1 lb.	120	3.50	100
Dec. 15	17¢ - 2 lb.	170	3.50	100
1955 Aug. 3	15¢ - "	150	3.50	100
Aug. 24	15¢ - "	150	4.00	114
Oct. 5	13¢ - "	130	4.00	114
Oct. 22	13¢ - "	130	5.00	143
1956 July 25	8¢ - 1 lb.	160	5.00	143
Aug. 8	13¢ - 2 lb.	130	4.00	114
Sept. 12	13¢ - "	130	4.00	114
Oct. 3	13¢ - "	130	4.00	114
Oct. 10	13¢ - "	130	4.00	114
Nov. 21	13¢ - "	130	4.00	114
1957 July 18	17¢ - "	170	5.00	143
Oct. 31	17¢ - "	170	5.00	143

* Consumer prices as per one chain store advertisement in the Vancouver Province. Producer prices obtained from B.C. Coast Vegetable Marketing Board.



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C A N N E D P E A S

Appendix I

BASED ON PRODUCER PRICE PER TON FOR FANCY GRADE PEAS
AND CONSUMER PRICE PER 15 OZ. CAN FANCY GRADE PEAS - VANCOUVER. *

Date	Consumer Price	%Change (1948 - 100%)	Producer Price 1948 Crop	% Change (1948 - 100%)
1948 Dec. 15	22¢	100	\$ 87.00	100
1949 Apr. 13	17¢	77		
July 11	33¢ - 2 cans	77	1949 Crop	
Nov. 16	33¢	77	\$74.00	85
Retail prices for 1948 to 1949 for 20 oz. can; prices for 1950 for 15 oz. can. Percentage change has been adjusted accordingly.				
1950 Jan. 25	35¢ - 2 cans	106		
Sept. 3	35¢	106	1950 Crop	
Dec. 12	31¢	94	\$73.50	84
1951 June 20	16¢ per can	97		
July 18	19¢	115	1951 Crop	
Oct. 31	17¢	103	\$80.00	92
Nov. 21	34¢ - 2 cans	106		
1952 Jan. 30	37¢	112		
July 30	39¢	118	1952 Crop	
Nov. 2	18¢ per can	109	\$85.20	98
1953 Jan. 21	31¢ - 2 cans	94		
Apr. 8	31¢	94	1953 Crop	
Aug. 12	29¢	88	\$90.47	104
1954 Mar. 31	49¢ - 4 cans	91	1954 Crop	
May 26	49¢	91	\$87.44	100
1955 Feb. 2	52¢ - 3 cans	103		
Mar. 30	33¢ - 2 cans	100		
Apr. 13	29¢	88		
May 25	29¢	88	1955 Crop	
July 13	31¢	94	\$88.25	102
Aug. 31	25¢	76		
Dec. 19	21¢	64		
1956 Apr. 4	29¢	88		
July 4	29¢	88	1956 Crop	
Aug. 1	37¢	112	\$90.12	104
Oct. 3	39¢	118		
1957 May 22	37¢	112		
July 11	65¢ - 4 cans	100	1957 Crop	
Sept. 5	59¢	91	\$92.52	106
Oct. 31	31¢ - 2 cans	94		
1958 Feb. 19	69¢ - 4 cans	106		

* Consumer prices as per one chain store advertisement in the Vancouver Province. Producer prices supplied by Royal City Foods Ltd.



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MILK PRICES, VANCOUVER AREA

Appendix J

BASED ON PRODUCER PRICES FOR MILK UTILIZED FOR FLUID CONSUMPTION
AND CONSUMER PRICES FOR HOME DELIVERED 3.5 MILK
IN GLASS CONTAINERS ±

Date		Consumer Price Standard Quart	%Change (1948 = 100%)	Producer Price 100 lbs.	%Change (1948 = 100%)
1948	Jan. 1	15¢	100	\$. 3.45	100
	June 16	17¢	113	3.95	114
1950	June 1	17¢	113	3.75	109
	Nov. 1	19¢	127	4.13	120
1951	Oct. 16	22¢	147	5.03	146
1952	Apr. 21	22¢	147	5.03	146
1954	Aug 31	22¢	147	5.03	146

These prices effective until August 31st, 1956

1956	Sept.	22¢	147	5.32	144
	Oct.	22¢	147	5.45	143
	Nov.	22¢	147	5.58	152
	Dec.	22¢	147	5.58	152
1957	Jan.	22¢	147	5.70	155
	Feb.	22¢	147	5.69	155
	Mar.	22¢	147	5.71	155
	Apr.	22¢	147	5.74	156
	May	22¢	147	5.75	156
	June	22¢	147	5.75	156
	July	22¢	147	5.82	158
	Aug.	22¢	147	5.73	156
	Sept.	22¢	147	5.67	154
	Oct.	24¢	160	5.73	156
	Nov.	24¢	160	5.62	153
	Dec.	24¢	160	5.57	151

* Consumer and Producer prices supplied by B.C. Milk Board.

z Official settling rate on Class I milk commencing September, 1956 was based on 4% butterfat content. For comparative purposes 35¢ per cwt. was deducted in order to arrive at same settling rate as previously -- 3 1/2%.



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WAGE RATES - VANCOUVER DAIRY WORKERS

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Appendix K

<u>DRIVER SALESMEN</u>	<u>NO. WORKING DAYS PER MONTH</u>	<u>RATE</u>	<u>PER DAY</u>	<u>%Change (1948 = 100%)</u>
<u>1948</u> Jan. 1	24-1/3	\$ 166.93	\$ 6.86	100
<u>1949</u> Jan. 1	24-1/3	173.41	7.13	104
<u>1950</u> Jan. 1	24-1/3	179.53	7.38	106
<u>1951</u> Jan. 1	24-1/3	195.64	8.04	117
Sept. 1	24-1/3	235.63	9.68	141
<u>1952</u> Jan. 1	24-1/3	232.21	9.54	139
<u>1953</u> Jan. 1	24-1/3	246.24	10.12	148
<u>1954</u> Jan. 1	20.08-1/3	245.00	12.20	178
<u>1955</u> Jan. 1	20.08-1/3	270.00	13.44	196
<u>1956</u> Jan. 1	20.08-1/3	285.00	14.19	207
<u>1957</u> Jan. 1	20.08-1/3	300.00	14.94	217

<u>DAIRY WORKERS</u>	<u>NO. WORK HOURS PER MONTH</u>	<u>RATE</u>	<u>PER HOUR</u>	<u>%Change (1948 = 100%)</u>
<u>1948</u> Jan. 1	177-1/3	\$ 169.43	\$.9554	100
<u>1949</u> Jan. 1	"	175.91	.9920	
<u>1950</u> Jan. 1	"	187.03	1.0547	
<u>1951</u> Jan. 1	"	203.14	1.1455	
Sept. 1	"	232.13	1.3090	
<u>1952</u> Jan. 1	"	228.71	1.2897	
<u>1953</u> Jan. 1	"	242.74	1.3688	
<u>1954</u> Jan. 1	160-2/3	242.50	1.5093	
<u>1955</u> Jan. 1	"	262.50	1.6338	
<u>1956</u> Jan. 1	"	277.50	1.7272	
<u>1957</u> Jan. 1	"	295.00	1.8361	192

RATES INCLUDE COST OF LIVING BONUSES AS FOLLOWS:

1948	\$ 16.93	per month
1949	23.41	" "
1950	29.53	" "
1951	48.97	" "
1952	52.21	" "
1953	53.74	" "



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THE CHAIRMAN: Mr. Walls, the public hearing is for the purposes of educating the Commissioners, and your organization has very many contacts with the Agricultural Council, and we would like to take the opportunity of your presence to learn as much as we can about the organization of agricultural marketing and products. I am going to ask Dr. Drummond if he will open the questioning with you. We think we can keep you going this morning and this afternoon anyway.

COMMISSIONER DRUMMOND: Mr. Walls, following up what the Chairman has just said, perhaps I might begin by asking you to perhaps give us a general outline of the number of boards that are operating in the province and the relationship between them and your member organizations.

MR. WALLS: Well, there are four boards in the province, one being a Milk Board which is appointed, of course, by the Government, and three producer marketing boards, one being the Fruit Board covering the tree fruit growing, and the other two being the Vegetable Marketing Boards, one being the Interior Vegetable Marketing Board and the other the Coast Vegetable Marketing Board. The



Coast Vegetable Marketing Board deals predominately only in root crops. Each of these organizations are members, that is either they or their producer organization or their sales agency. You see, a board has only a few individuals, but in the case of the fruit growers it is the Fruit Growers' Association. In the case of the Coast Vegetable Marketing Board it is their selling agency which is their co-operator.

COMMISSIONER DRUMMOND: Now, it is true that in all of these cases, isn't it, that these boards have been in existence for quite a considerable time?

MR. WALLS: Yes. This Natural Products Marketing Act originated pretty well in this province, as I no doubt you know, and for many years the only legalized marketing board, that is a Marketing Board that has come under the test of the Supreme Court of Canada, were these three Boards operating in Canada. These last few years have seen a wide expansion in which this Act has been more or less copied in practically all provinces in Canada with the exception of Newfoundland.

COMMISSIONER DRUMMOND: I understand



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E.S. Walls

that there have been in the last two or three years some rather important changes in connection with your milk marketing province. Perhaps you could give us a picture of what the changes have been?

MR. WALLS: Up until 1953 our Milk Board set both the producer price and the minimum consumer price. Starting 1953, the authority was cut to setting only the producer price. Then the industry got into difficulties as a result of very intense competition at the distributor level, and a Royal Commission was appointed. Resulting from the Royal Commission, it was decided to equalize our market. We had a position where 80 per cent of the producers were only sharing about 40 per cent of the fluid milk market, so it was decided that very heavy restrictions should go in as to quality, perhaps the tightest restrictions in Canada, which had the effect of eliminating a number of very small producers who could not afford -- it was a method of eliminating the very small producers in this industry to make it more attractive for the man who was legitimately in the industry because of the expense required in putting in the barns. Under the present plan all



milk up to that quality is called qualifying milk, and a man establishes his quota based -- I forget whether it is either the low 3 or low 4 months of the winter, and his milk then is utilized in three classes, class one going into fluid milk, class two going into evaporated milk, and class three covering ice cream, skimmed milk and butter. A separate price is established for each of these markets, and instead of being one large pool there is an equalization after three prices are established, and so today all producers share in all markets, the most lucrative and the one that shows the poorest return.

COMMISSIONER DRUMMOND: You now employ the use of a formula.

MR. WALLS: Yes, that is right. I should have gone into that. We also had at the time of the Royal Commission, the producers asked that a formula be established to get away from the continual board hearings, and that was agreed to by the Commissioner, and so we have a formula today which sets the producer price on fluid milk, that sets the manufacturing costs on a evaporated milk, and in effect for the others it is the interior price plus freight differential.



COMMISSIONER DRUMMOND: Your control over that was changed in 1953?

MR. WALLS: Yes.

COMMISSIONER DRUMMOND: Have you any thoughts on what the general public's feeling is in respect to the results of that change?

MR. WALLS: Well, I don't think that the general public have any great opinion at all. I would much rather you asked me what the farmers' opinion was.

COMMISSIONER DRUMMOND: Very well.

MR. WALLS: The farmers' opinion is that we will never have real stability in the milk industry without both the producer price set and the minimum consumer price set. We have had difficulties already on the Vancouver market and we have warned the Government some time ago that we cannot see how there can be anything other than increasing difficulties where on one hand a fixed price is set at what the product shall be bought at, and the other hand is open to intense competition and sometimes competition of entirely new types.

COMMISSIONER DRUMMOND: What thoughts have you got in respect to the relative merits of the use of a formula as compared with the old, shall we call it, method of price determination



in respect to the effect on the price spreads which we are concerned with?

MR. WALLS: Well, of course, under the old system of price determination the people who determine it said that they used the formula, so the only difference is now that the farmers are supposed to know what the formula is, and have some idea, but, Mr. Drummond, you know full well that when you start off in a formula you attempt to get it as simple as possible so it will be understood, but when you evolve the effective formula nobody can understand it. Generally speaking, I would say that we are well satisfied with the aim of the formula. We have had certain changes made but mostly as a result of one question asked by your board in regard to what we have in the D.B.S. indices. We have found some items on the D.B.S. where it has made a difference of 17 cents almost entirely through faulty indices. For example, we had one illustration of farm wages. We found it was done at a sample of eight farms in the area, not eight dairy farms, but it could be farms in the interior employing Indian labour.

COMMISSIONER DRUMMOND: I wonder if you could give us a sort of brief general



idea of the main techniques employed by other marketing boards, with the main objectives?

MR. WALLS: Well, the main objective, of course, is to market as much of the crop as is possible that will bring as fair a return to the producer as possible, and in no case has our Marketing Board got any monopolistic power in setting the unduly high price because we so suffer here from competition across the line that in many cases it is the surpluses of the United States rather than the Marketing Board sets the price, and certainly there can be no cause for any consideration that a Marketing Board has taken advantage of its position.

Now, the Fruit Board is in exactly the same position. We produce as much fruit here, much more than we can utilize on a domestic market, and they are forced to find markets right across Canada, in the Prairie provinces and in the United States. So that any idea that a Marketing Board can set its own prices because it has funnelled the merchandising through one office is mistaken.

COMMISSIONER DRUMMOND: Would you add as another objective general improvement in quality?



MR. WALLS: Almost definitely. Yes, I am afraid I got on another tangent and neglected that one. I would say the greatest advantage to the consumer has been the uniformity of the product that she is receiving today. But our potatoes and our carrots flow over a common grading machine, they are washed, by the same graders. It is quite different from the time when the farmer used to pack his own and depended on his own conscience what went into the sack. Today through the Marketing Board the customer is getting uniformity of product, and I am sure that I need not state to you lady and gentlemen that the British Columbia apple has built its prestige mainly on the quality of pack that it has turned out.

COMMISSIONER DRUMMOND: I would like to ask a few other questions apart from the general subject. First of all, on the first page of your brief, in the third paragraph you expressed the hope of the farmers in British Columbia that this Commission will make specific recommendations as to "costly processing, packaging or merchandising services that can be eliminated." That statement seems to imply in your opinion there



are such costly services, and that they are capable of being eliminated. Perhaps you could enlarge it slightly?

MR. WALLS: Well I am afraid that you are making an assumption that I can't agree with. I assumed that was the reason that the Federal Government appointed the Commission, but they must have thought that there was.

COMMISSIONER DRUMMOND: My thought here was the wording suggested to me that it was these costly processing, packaging, merchandising services that might perhaps be eliminated in view of this general situation. I just wondered if you had any further comments?

MR. WALLS: No, I am afraid the time available has not given us an opportunity to be able to pinpoint the cause. I think that you lady and gentlemen are more capable of doing it than we are.

COMMISSIONER DRUMMOND: This ~~is~~^{is} something quite different. In constructing your graphs, a very large number of extremely interesting graphs, I am wondering if you had any special reason for selecting the year 1948?

MR. WALLS: In the initial letter, I believe, from the Board it stated that you wanted to look over the change in price spread



over the past 10 years, and that was the whole reason why it was taken that way.

COMMISSIONER DRUMMOND: The reason I asked you that was that in a number of these graphs the graph itself shows that the width of spread is very much greater in say 1952 on.

MR. WALLS: That is right.

COMMISSIONER DRUMMOND: Than in the early part of the decade.

MR. WALLS: There is something that might be of interest, if you turn to the milk graph, which is the only graph I was in a position to show wages, you will see that the rapid rise in milk drivers and milk workers' wages occurred also in that period, so that may very well be one of the causes for the increase, the sudden jump in the widening of the spread in that period.

COMMISSIONER DRUMMOND: You mentioned on page 2, about the centre of page 2 that "In the interests of accurate comparison, we have always quoted and plotted on the following graphs the producer price that coincide with an advertised consumer price, and not all of the producer price changes in the past 10 years." Now you have not included them for a specific reason. Perhaps because they



weren't listed?

MR. WALLS: That is right, and you see **if** you showed all the price changes then you wouldn't, you would lose the relationship in your graphs of the producer price and the consumer price, you see, so that is why it was, for no other purpose than we could be clear on the producer price. Of course we would have liked to have been able to do that on the consumer price.

COMMISSIONER DRUMMOND: On that same page, the second last paragraph you make a very interesting observation, namely that in connection with the marketing of potatoes and milk these show the lowest increase and also the least variation in the spread, and these also happen to be the commodities entrusted to a very large extent to Co-operatives.

MR. WALLS: I note there is a typographical error there. It should be the lowest increase "in" variation spread instead of "and".

COMMISSIONER DRUMMOND: Does this historical fact suggest to you that the application of still further co-operative action might be a worth while factor in spread narrowing?



MR. WALLS: Most definitely it does.

It takes the speculation out of so many of these products. In other words, in many cases I don't always entirely blame the trade for speculation, I blame the lack of knowledge of the potential that is available on the market. Where you have a marketing Board like our Fruit Board or Vegetable Marketing Board, at the beginning of the season they know exactly how many potatoes they are going to handle, but when it isn't funnelled through one large co-operative why then there is speculation.

I think you will well remember the incident of 1949 where we lost the egg contract, and the price of eggs dropped retail to 25 cents a dozen, and then after the air cleared it was found we had no surplus in eggs, it was just a panic in the trade, so you can have panics both up and down. Where you have one producer organization that knows the whole potential you know that, and I think that is an advantage to the consumer because it would tend to give more stability in price.

THE CHAIRMAN: This surely is rather a restricted sense in which the term "speculation" may be used. Would it not be true that even under a co-operative organization



there is still a question of risk that the organization has to bear and this is really what is involved in speculation. One of the risks is that you are not familiar with the quantities. This is only one of the elements of risk in the marketing situation. It may be a co-operative is better informed on that, but there are still other uncertainties with regard to the future.

MR. WALLS: Yes.

THE CHAIRMAN: If you build up stocks you are taking a risk aren't you?

MR. WALLS: That is right.

THE CHAIRMAN: And you do that?

MR. WALLS: That is right.

COMMISSIONER DRUMMOND: On page 3 in the quotation in the centre of the page, in the last sentence you state "Sales per worker in retail stores rose from \$23,000 in 1939 to \$38,000 in 1956 in terms of 1956 dollars." I am sorry, I did not realize the last phrase was in. I was going to ask you whether you did not think that the effect of inflation on the general price level change was a factor. You have that in there.

MR. WALLS: I would draw to your attention that he has only quoted the retail



end of it there. I mean there is much more to processing and distributing. It is only a part story that he has given in that paragraph.

COMMISSIONER DRUMMOND: In the immediately following paragraph you state that the number of persons employed in processing and distribution activities increased also -- in fact about 37 per cent above 1939. Do you think that one reason for the increase in the number that were employed might not just have been the fact that during this period there was an increase in population?

MR. WALLS: That is partially true, but then when they show, as it shows here, that the number of persons increased 37 per cent from 1939, the population did not increase 37 per cent so part of it is taken care of by population.

COMMISSIONER DRUMMOND: That is right. On the same page, on the second paragraph from the bottom you state "If mounting labour costs should not prove to be the main factor in creating increased price spreads, then discounting other contributing causes such as higher interest rates, higher transportation costs and increased taxes, the



answer must lie in increased profits at either wholesale or retail levels, or both." The phase "discounting other contributing causes such as higher interest rates, higher transportation costs and taxes, you definitely feel that those were contributing causes?

MR. WALLS: Oh yes, definitely. Probably the reason that I did not enlarge on them is I was afraid I might be asked the same question as you asked Alderman Sprott as to how I was going to correct the transportation problem.

COMMISSIONER DRUMMOND: I would ask you this question though, how do you think the relative importance of each of those, or of all three of those compare with the other possible cause, namely increased profits?

MR. WALLS: Well that is rather a difficult question. The transportation costs are a mixed blessing, if you understand, in a province that is deficient in some products. In some cases it is a help rather than a hindrance. To people like our fruit industries that have to export their product, of course it is a very large factor, an increasingly large factor. I mean when the freight to Winnipeg is considerably more than the grower gets for a box of apples, the



freight alone -- that shows you just how large a factor it is. Your transportation costs in this province -- as I say, it depends on whose ox is being gored.

THE CHAIRMAN: May I ask you do we know if there are any agreed charges on the shipment of apples let us say out of the province?

MR. WALLS: Now I am going to have to be corrected if I make a misstatement here. I believe there are fixed charges on apples for certain markets only. I could have that verified at noon for you.

THE CHAIRMAN: I think we can get the information.

MR. WALLS: Yes, I think you can.

COMMISSIONER DRUMMOND: My only thought there Mr. Walls was this, this may be a little unfair, this question, you mention these three specific causes.

MR. WALLS: Yes.

COMMISSIONER DRUMMOND: Then you sort of say whatever they may be if they are not responsible then the remaining cause must be increased profits.

MR. WALLS: Yes.

COMMISSIONER DRUMMOND: I was just wondering if you thought there might be any



other remaining cause, or if this is the complete list of possible causes. We as a Commission naturally are anxious to know how many things might be responsible.

MR. WALLS: Well of course labour and prepackaging are tied hand in hand. I mean it is hard to say where the one is responsible and it is also hard for persons in my position to assess that if all these people who are employed in prepackaging were unemployed what effect that might have on our price, so I wouldn't care to go finer into it than that. I think that most of the farmers and it is their feeling that I have tried to express, feel that the increase in charges evolve on labour or profit. Now we do recognize these other causes. All prices are faced with the same thing. I am afraid I haven't given you a very complete answer to that question.

COMMISSIONER DRUMMOND: I think you have explained it already pretty well your feeling in respect to the inadequacy of D.B.S. data. Is there anything further you would like to add on that at all?

MR. WALLS: Well just to say it wasn't only based on the nets in formula.



One of the problems that face the farmers in this province is that our cost of production is out of relationship with all the other provinces across Canada. Unfortunately the only way we can prove that was by utilizing the D.B.S. figures in 1956 which showed that the farmers in British Columbia out of the cash income 74 per cent of their income was the cost of production. For the farmers all across Canada it was 40 per cent. In other words, our cost production 74, the average of all farmers across Canada, and based on that we presented briefs to both the Federal and Provincial Governments on certain specific recommendations, and then lo and behold they came along later and said these figures you have quoted are wrong because we have revised all our cash and net income figures, and we now point to an error of 30 per cent, which is 30 per cent to yourself, and is going to effect the other provinces but couldn't tell us to what extent. Now there is a feeling amongst farmers that these D.B.S. statistics are used quite freely for the Government when it is to their purpose, but when we turn around and want to use them they are inaccurate. The only means that we have of



showing our case to Government, to a Commission such as yourselves, through the press to consumer is the basis of sound statistical data, something that is collected by an impartial body; not something that we said ourselves, and when that is removed, for one reason or another, by claims of inaccuracy, then it destroys our ability ourselves even to foretell where we are headed for.

COMMISSIONER DRUMMOND: On this very point, I notice on page 12 in respect to frying chickens you mention there that "one of our member organizations -- a poultry co-operative -- questions the accuracy of the price quotations contained in the Federal Government Market Information Service Poultry Products Report." That comes in the same general category?

MR. WALLS: Yes, although I would presume in that case it is merely a gathering of figures sent from one or two sources, and that the fault may have lain with the sources of the information. There is a limited type of distribution. It is not like getting producer figures. You have only got four or five to get it from. It may not be Government fault in this case.

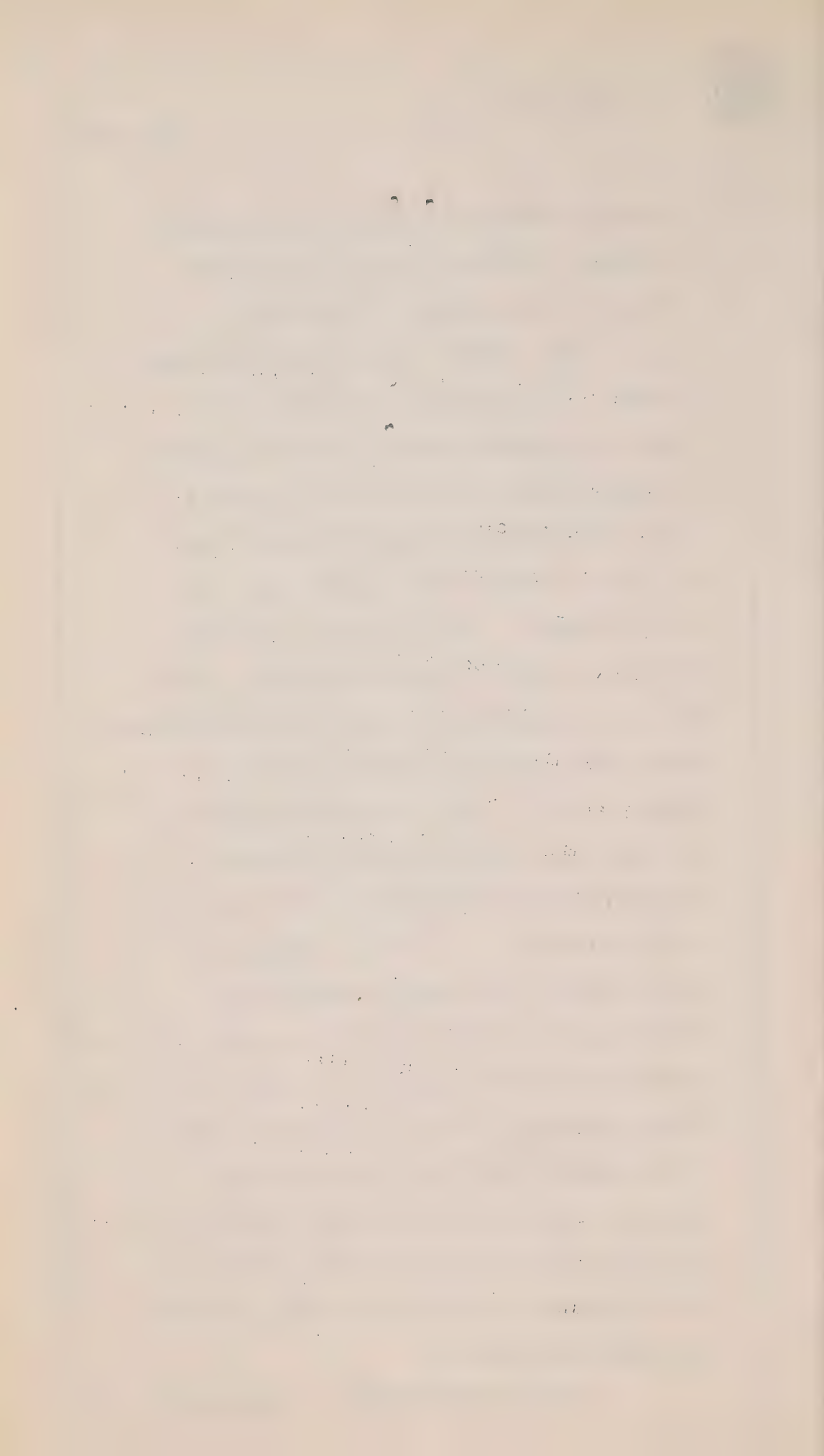
COMMISSIONER DRUMMOND: On a very general



question in regard to your statistics, namely in respect to producer prices, is that the net price or gross price or what price?

MR. WALLS: Well it depends on the product. For instance, I qualified it in regard to vegetable products because I wanted -- the whole purpose of doing that, actually I could have painted a better picture if I had not, but I wanted to show you how fair I was in that regard. You see, this is the only province, or one of the only provinces, it is not the only province but one of the few provinces where these vegetables are all processed by a Board. That is, they are graded uniformly, and they are washed and sacked, whereas in other provinces the producer has to do that individually. This is a cause that he and himself would have to entertain in order to put it on the same basis of 100 pounds of marketable potatoes in a sack. That is why I have utilized it. There are costs to the producer that has to pay for these services, which he of course would have to pay, and I am very pleased to tell you that since 1948 these costs have gone down considerably instead of gone up.

COMMISSIONER DRUMMOND: Apropos of





the comment with respect to the milk graph, you refer here to the increased selling of milk in retail stores, saving two cents a quart. In view of the probability that this Commission will be hearing a good deal in the various parts of the country with respect to say store sales of milk and also the probable fact that you have had more experience with it in Vancouver than in many places in Canada, I am wondering if there is any general comment in regard to its possible effect on spread narrowing here to date, or its possible effect on spread narrowing generally here?

MR. WALLS: Well, of course, this is a highly contentious subject in this province. Of course, first of all, the main drive for milk to be sold in consumer stores was said to be to help the poorer people to be able to get milk cheaper but from my experience the chain stores do not cater to the poorer people. They cater to the carriage. The very fact they build their stores on big parking lots would tend to prove that.

Secondly, again I am expressing my own opinions, you will note that the milk cooler is always placed at the very back of the store; it being an inducement or something that is



required each day. If I were a merchandiser I would do the same thing. I think it is good merchandising but it is used as a medium of bringing people into the store and therefore there is a possibility its price may not be always based on sound merchandising profit as to one product. I do not say it is not, but it might not be.

The next thing is that a lot of people want their milk delivered to the home. They may be people that have not got a car to drive in to the areas where these stores are now located.

As you take more into the stores the cost is naturally going to increase to the persons that cannot afford to drive a car to these stores. In other words, for distribution costs.

Also, one of the factors you have to consider in this is consumer preference. If consumers want milk delivered to their homes why then you are doing them a disservice, so I am giving you my personal opinion on that.

COMMISSIONER DRUMMOND: Coming to your final two pages where you list these 14 possible prejudicial practices, I have a few general questions on these.

First, with respect to the second point I wonder if you might enlarge a little on that?



MR. WALLS: Yes. I would be very pleased to because there are sometimes advantages and disadvantages to standards that I am sure you recognize.

In these cases, first of all we should recognize that the old original federal beef grading was put into effect 30 years ago. Since that time there has been a change in consumer preference in beef to some extent. I think we all recognize it. The people do not want the meat as fat or do not want as big roasts and so on as they did then.

About 1940 the Provincial Government in passing their complementary legislation, because naturally they have provincial-dominion inspectors so they have to pass complementary legislation; they included a section in the regulations making it compulsory to carry grading in the Greater Vancouver market through the consumer. It was the only market in Canada that was done.

Not too long after that, that is a year or two, one chain store started to feature for sale nothing but Grade "A" beef. Then when people started to also go into Grade "A" beef they then advertised that they sold nothing but Grade "A" grain fed beef.



The final ultimate was reached about three years ago when one of their competitors advertised that only one out of every three grain fed beef was good enough for their customers; so we had them all on this band wagon of Grade "A" beef.

Today, of course, 70 per cent of all meat in Vancouver is sold by five main chain retailers. This has resulted in the fact that although our own top grade cattle are still Grade "A", many times there is no market for them because they are grass fed beef. The retailers have at times pointed out the fact that grain fed beef had this nice dead white fat. The packers have pointed it out; whereas the grain fed beef is yellowish tinged which, of course, is naturally contrary to the arguments they used three years ago.

Previously the merchants, in order to get away from it, added colour because the colour of the fat is carotine, and actually it is not to the detriment of the meat at all.

Well then, this has meant that 70 per cent of the outlets have been practically naturally on one grade of beef, which has kept, to our mind, from the consumer a lot of very good cuts of cheaper grade meats.



You can no doubt obtain the results of tests that were carried out in two large stores in Vancouver. When it came to roasts 27 per cent of the consumers picked as their preference -- they were all valued at the same price -- the Grade "C" roasts because of the less fat.

Then we also see the large billboards which one chain store shows of the amount of fat they cut off beef before sale. The consumer has to pay for that so it is our feeling that the standard or grades have been carried too far in these cases to the prejudice of not only the producer but probably to even a greater extent to the consumer.

COMMISSIONER DRUMMOND: I think we have time for one more brief question. With respect to your point number three, I am wondering if in order to clarify this slightly we could insert one or two words if they were perhaps omitted. Would it be correct to say "Why there is such a wide variation in prices at the present time" --?

MR. WALLS: Yes, that is right.

COMMISSIONER DRUMMOND: And would it be correct to say at the last line "By the fact that a greater amount of fat must first be



trimmed off the better grades"?

MR. WALLS: No, if we are going to use the lower grade hog, which you see, in producing hogs it is on a back fat basis, I mean the lower grade. Then the only reason you can say that one bacon -- because all bacon has the same amount of lean in it whereas in the cheaper grade hog the surplus fat has been trimmed off to make the bacon look the same as the higher grade hog.

COMMISSIONER DRUMMOND: Trying to get the correct medium?

MR. WALLS: Yes.

THE CHAIRMAN: We are about ready to adjourn for lunch but there are just a couple of points I would like to make before we break off. First of all on page 2 you refer to the absence to any reference to fruit in your submission?

MR. WALLS: Yes.

THE CHAIRMAN: And to the fact that Dean McPhee who is Commissioner for the fruit market, is, I understand, willing to make information he will have available to us?

MR. WALLS: Yes.

THE CHAIRMAN: I have confirmed this with Dean Mc Phee this morning, and we will be very happy to receive this information in due course. I think perhaps we will break off



now for lunch and re-convene at 2 O'clock.

MR. WALLS: Thank you, Mr. Chairman.

--- The Commission adjourned at 12.30
to resume at 2 p.m.

--- Upon resuming at 2 p.m.

THE CHAIRMAN: We call you to order.

Mr. Drummond, I think, has one or two
more questions, and I believe each of the
Commissioners would like to ask some questions.

COMMISSIONER DRUMMOND: Mr. Walls,
carrying on from where we left off, these 14
points, in number five you mentioned "B.C.'s
Act respecting Minimum Loss for Commodities"
is that the actual name of the --

MR. WALLS: Yes. If you like I will
leave a copy of the Act with you.

COMMISSIONER DRUMMOND: Perhaps there
might be some value in a little bit enlargement
on that point.

MR. WALLS: Well, there isn't too
much in the Act beyond the fact that it stipulates
that groceries will not be used as loss leaders
under a margin of 5 per cent above what the
retailer pays for them.



COMMISSIONER WALTON: Might I ask a question on your chart? You made an observation on the back of your chart that no doubt the reason that the spread had not been great was because it was sold as a loss leader. Is that under this Act?

MR. WALLS: Yes. It is one of numerous pieces of legislation when we sometimes wonder to what extent it will ever be policed.

COMMISSIONER DRUMMOND: Next in connection with number six, you speak there of the fact that transportation costs between two cities is sometimes more than the transportation costs would suggest, and you specifically refer there to the difference between Vancouver and Victoria. First of all, would you be inclined to make that wider between the cities of British Columbia and those in other parts of the country?

MR. WALLS: I have no evidence of that. I think that is something you should study. One of the purposes of these graphs is to give you a comparison of prices. I believe we are in a high price area, yes. Specifically, of course, I mention Victoria and Vancouver because I have other evidence to lead to you to substantiate the producers' fears in this regard.

COMMISSIONER DRUMMOND: Do you have



any such evidence?

MR. WALLS: Well, I have two newspapers, a Vancouver newspaper and a Victoria newspaper of the same date, with two chains advertising duplicate ads in both papers. One of the chains shows from two to three up to 7 cents spread higher in Victoria than in Vancouver; the other chain shows every price the same except for three things, ice cream, tube toothpaste and asparagus. If you have a spread of 2 to 3 cents, that is the minimum, the freight from Vancouver to Victoria is 52 cents per hundred-weight, but at 22,000 pounds or more, which is generally utilized by large purchasing organizations, it is only 37 cents, so you have .4 of a cent the cost of transportation of a 15-ounce tin of fruit, .4 of a cent, and the prices in Victoria run, as you will see from the comparisons here, from 3, and here you have a situation of one chain apparently doing it on, I would say, roughly about 70 per cent of the articles showing the spread, another chain only showing it on three of the articles. The first chain has the same price in both, so there is no consistency. So I will leave that as evidence with the Commission.

COMMISSIONER DRUMMOND: It suggests



to you that in some cases at least there is price discrimination, that the difference is not due to what you might call justifiable marketing costs.

MR. WALLS: That is the way it would appear, yes.

COMMISSIONER DRUMMOND: In number eight you say: "When a new type of container is evolved, does the retailer generally insist that he obtain the product it contains at the same purchase price". I wondered there if that might read: "Does the retailer generally insist that he gets the product plus the container," because it seems that is what you really mean there?

MR. WALLS: Yes.

COMMISSIONER DRUMMOND: On number ten your statement here suggests that the explanation given for the two-cent per pound difference between the heifer and steer is due to a difference in the cutting out as to the two types of animals?

MR. WALLS: Yes.

COMMISSIONER DRUMMOND: Have you any information to the effect that this is the entire explanation?

MR. WALLS: It is the only one I have seen quoted by the Packers' Newsletter, so I don't know if there is any other.



COMMISSIONER DRUMMOND: You might be interested to know I have just read a master's thesis in the University of Manitoba on this subject. He has gone quite a distance in this explanation.

Number 11 states: ... "as meats generally show the greatest increase in price spread since 1948," and you also say that the claim is that the reason for this increase in spread is an increased labour cost in prepackaging. Is that the same claim that is made --

MR. WALLS: I have to qualify that, that that is made by one large retailer to me who I assured I wouldn't name in this hearing.

COMMISSIONER DRUMMOND: You have heard it said it might be an explanation?

MR. WALLS: That is right. You realize that these are statements. If we were sure of the answer, we wouldn't have put it in here.

COMMISSIONER DRUMMOND: Your point number 12 leaves me with the impression which I would like you to verify or otherwise, that in your opinion packaging costs, with all that that term may include, constitutes a very significant part of the total marketing costs.

MR. WALLS: There seems to be sometimes no relationship in the prices.



Again, I have a piece of evidence here. It is only one letter from a woman shipper and it has to deal with something we don't produce in British Columbia, it has to do with lemons, and three years ago she was in a certain store and found identical lemons at 4 for 27 cents in cellophane bags or 6 for 25 cents loose. Four for 27 cents is 6.72 cents, and six for 25 cents is 4.16 cents each. She expressed her views on this matter to the manager, and it was found that the price had been adjusted by making the loose price 4 for 23 cents. In other words, with the packaging price it had now increased to 4.16, 6.72 cents for lemons. The obvious comment is if they could make money on the loose packed price, they were certainly doing all right on the other. So it is that sort of Legerdemain which might be probably looked into.

COMMISSIONER DRUMMOND: On point number 13, the last sentence, you refer to the fact that our per capita consumption on eggs 6 dozen eggs per year less than consumption by the people of the United States. It struck me that that 72 eggs was quite a large number. I personally was not aware that it existed at the present time. I wonder if you could check



up on that point?

MR. WALLS: I will check up and send you the basis that that was put down there on.

COMMISSIONER DRUMMOND: Now with regard to your final point 14, two or three things perhaps that strike one reading that. You suggest there that this proposed plan for selecting large producers to supply the eggs may have certain effects some of which you do not regard as very desirable, and one of which that it would make still more difficult the of the, shall we call them the ordinary or middle size or small poultry producers?

MR. WALLS: Just one thing that should be realized, in this province poultry for the most part is not a side-line even in its smaller scale. It was full-time endeavour. It is not like it is in the Prairie provinces, so what you might call medium or small would be ranked as a fairly large poultry man some place else.

COMMISSIONER DRUMMOND: I wondered what the significance of the word "other" was. When you speak of "other eggs".

MR. WALLS: If they hand pick a certain number of large egg producers, then the rest of them would sooner or later -- their position



would be prejudiced against them because the stores would make them compete, I agree it is a difficult subject, because here one is saying something that is going to narrow the spread, but I think our whole evidence of graphs should go against the producers being in the narrowing of the spread.

COMMISSIONER DRUMMOND: You have a feeling that this plan would make it more difficult, if not completely impossible for the other producers to compete?

MR. WALLS: I would think so. It would either have to be two things happen, either that they would all be forced into the expense of candling machines and have to follow the same practice, or it may be as a result of your investigation, the wholesale spread might be reduced in British Columbia as recommended earlier in our egg brief.

COMMISSIONER DRUMMOND: I was thinking of the possible comparison between this statement and shall we say the claim that the introduction of tank car, in the case of transportation of milk, is gradually apparently forcing certain types of producers out of the milk producing field and restricting the number and the size, whether this principle would apply in a case of



egg production.

MR. WALLS: It should be kept in mind two things; one, as I said poultry production lends itself very greatly to a province whose acreages for farms are comparatively small. It is one full-time endeavour that can be carried on on a small acreage and not necessarily in the most fertile of ground; and secondly, we are at the present a deficiency province so that these two factors, I would say, should attempt to avoid anything that is going to put -- it is not like as if there is a non-economic producer, you understand?

COMMISSIONER DRUMMOND: What you are stressing there is in the case of egg production it is not a factor of land itself that is the primary thing, it is large production without large acreage.

MR. WALLS: That is right.

COMMISSIONER DRUMMOND: I think Mr. Chairman those are the main points.

COMMISSIONER WALTON: May I ask a question about 14 Mr. Walls. Is it your fear, because you ask us to look into it when you say: "We understand that a large retail chain, who up to now have operated their own wholesale egg plant, are now planning to eliminate this operation by the selection of large producers."



The implication is here that because the producer will be able to do it more cheaply than the chain stores do it that same operation, it will make the competitive angle very rough on other producers?

MR. WALLS: Yes, I would say that when a plant operates it can do it on the basis of cost, but if a producer is going to get all of his eggs on to a select market and make a few cents extra by doing these extra jobs, which of course has always been one of the unfortunate things attributable to the farmer, that the whole family has to step in and possibly work without wages, that of course can be done cheaper than it can be done by paid help in the plant. Now the reason I put that paragraph in is an inherent fear that you as a Commission may see in this type of producer one of the means of narrowing down the consumer spread.

COMMISSIONER WALTON: At the expense of the producer?

MR. WALLS: At the expense of the producer, so that is why that paragraph was put in so as to try and alert you to something I have a great fear about.

COMMISSIONER WALTON: Thank you.

COMMISSIONER KIDD: On page one, paragraph 3,



discussing the merchandising services and so on, Mr. Drummond asked you a question this morning, but I would like to return to that for a minute. What bothers me in this question, what is inherent in it is would you believe that the producer would be any better off if these items that you have mentioned here were eliminated entirely or in part?

MR. WALLS: Mr. Kidd, I think I answered that this morning. He would be to the extent that if everything went to him first of all, and secondly that the people it would be relieving of a job could find employment elsewhere. I agree with you that everybody who is employed in packaging means that many more people that can buy food. On the other hand, you have to keep this in mind that these increased wages, increasing percentage of them are going to products other than food. In other words, the per capita percentage of income that is spent on food is declining every year. I believe it is now down to 21 per cent from 25 per cent. These increased wages are not all necessarily going for food. They are going of course for other luxuries which in turn employ other people who eat more food. I don't know the answer to it at all. I am pretty confused and I hope you



gentlemen are not.

COMMISSIONER KIDD: We are all confused on this point. Would you agree that as a country advances up the scale the standard of living, that less and less is spent on food in any case, relatively?

MR. WALLS: Yes, I would agree with that.

COMMISSIONER KIDD: Well another question on this point is this, if let us say we have something at a dollar a pound, and 50 cents of the dollar was made up of these items that I mentioned in paragraph 3, if they were removed would you expect the price to come down to let us say the 50 cents, or expect the producer to be able to move into that area somewhere?

MR. WALLS: Of course, I recommend in my fourth paragraph that he most definitely should step in there. The mere fact that on so many of these products he has shown a loss over 10 years would certainly justify, I think even the most ardent consumer's mind the fact that there is some justification for his saying the saving should go to the producer.

COMMISSIONER KIDD: On page 2, the first paragraph I gather from that that what you are saying is just what you have said now.



As a matter of fact, that on some of these items you are now getting less as a producer than you were 10 years ago?

MR. WALLS: That is right.

COMMISSIONER KIDD: Both in absolute and in relative terms?

MR. WALLS: That is right.

COMMISSIONER KIDD: You were not necessarily implying that the wage earner was getting more of the sales dollar for example, compared to your proportion of the sales dollar?

MR. WALLS: No, but he was getting more income.

COMMISSIONER KIDD: More income, yes.

MR. WALLS: Yes.

COMMISSIONER KIDD: Not necessarily more of the final price?

MR. WALLS: No. Of course, what I am referring to here is, as I said, receive a little more, in some cases less. That was income I was dealing with.

COMMISSIONER KIDD: On page 3 you mention a letter and also on page 24 when you are talking about the milk production and prices whether you had four factors in milk.

MR. WALLS: Yes.

COMMISSIONER KIDD: And on page 3 you



mention some indexes. Do you have the absolute figures there? The reason for that is that it depends a lot on what your starting point is as to whether or not the amount of the increase means a great deal or not. For example, if your index on wages and salaries have increased 56 per cent, it is quite important to know what the starting point was.

MR. WALLS: In milk of course I was dealing with the absolute salary. I was not dealing with an index at all. I started with the salary that they had in 1948 on the milk graph and showed the actual increase in pay over the wage that they earned in 1948, and on the back of the page is each year of their contract.

COMMISSIONER KIDD: What percentage of the sales dollar -- do you have this -- would the producer get and the milk driver get in 1948 and 1958? Do you have that?

MR. WALLS: No, I haven't got that.

COMMISSIONER KIDD: You could get it of course?

MR. WALLS: Oh I could get you what per cent of the producer and, yes, and the milk driver. Sure, I could work that out. Yes, I will be very glad to get that for you.

COMMISSIONER KIDD: That is all.



COMMISSIONER DRUMMOND: You mentioned just now that the per cent per capita consumption of food, the percentage of the income, consumer income spent on food has gone down to 21 per cent?

MR. WALLS: Yes, that is right.

COMMISSIONER DRUMMOND: I have the impression that the latest figure is 25.

MR. WALLS: I think that I have a "Economy Analyst" here that shows it at 21 per cent in 1956. I will be glad to give you the data on it. I have got it right in my bag here.

COMMISSIONER DRUMMOND: Very good.

MR. WALLS: To substantiate that fact. There are two issues by the way of "Economy Analyst" that deal very strongly with this whole matter, that is August and June of last year and it is in one or either of these, or it may be in the Canadian Economist, that I am quoting from. I will look it up and let you know.

COMMISSIONER DRUMMOND: Sometimes when this figure is given, whether 21 or 25 whatever it may be, it referred to the per cent spent on food as such as distinct from food plus extra services.



MR. WALLS: Oh I see.

COMMISSIONER DRUMMOND: Sometimes that makes a difference.

MR. WALLS: I couldn't tell you off hand how that is taken. Do you want this ledger as an exhibit in regard to the evidence or is it enough that it is written into the record?

THE CHAIRMAN: I think it is enough.

COMMISSIONER WALTON: Just one thing that reverts back to grading and packaging. You made an observation this morning, I think, that you felt the Marketing Board of your vegetables because they had adopted certain standards, that the consumer was benefitting. That she got a uniform quality?

MR. WALLS: Yes.

COMMISSIONER WALTON: And it tied in with that. Isn't the fact that the price spread has increased the producer is getting less, would it be a factor that the producer of carrots or of potatoes doesn't do his own grading and does the field run, as it were, just in the process of meeting this standard, there are certain weeding out of grading, so that the consumer when she buys the package has the uniformity and then there must be some culls or other ones which the farmer sold in bulk, and yet the consumer



only got the graded one? Wouldn't that perhaps --

MR. WALLS: That would have been true if it had been in 1948 and 1958. In 1948 we were already grading and washing and going through exactly the same services as we are today, so the relationship in my graph between spread -- you will notice that I mention that the deviation in spread is less in both milk and potatoes than any of the products.

COMMISSIONER WALTON: Carrots for example.

MR. WALLS: And carrots.

COMMISSIONER WALTON: Then the producer was grading his carrots before he sold them to the Board?

MR. WALLS: I am not so sure about carrots, but dealing specifically with potatoes he most definitely was not in 1948. The Board were doing all of the grading of the potatoes and washing of potatoes in 1948 just the same as they are today. In fact, I have charges that I mentioned later are down about, at least two-thirds. I have had figures that the producer pays, and pays less today for grading than he did 10 years ago. Now as far as standards are concerned, I might mention that this morning, can I be excused for enlarging just a little.



There are three types of standard or grades. There is the one that I dealt with, where the Government tested for a quality basis. There is a standard for health which is done in regard to grading for milk, and then there is the one that is done by the industry itself for the purpose of presenting its particular quality product. Our Milk Marketing Board have done that. I mean our Potato Marketing Board has both Boards have a private trade name potato and they have a kitchen set up where tests, not just for the look of the potato, but the cooking quality of these potatoes are made, and potatoes of a certain cooking quality go into the grade of high test or grade set up by the other Board, so there are three different types of standard that are set up. In other words, potatoes come under two, they come under the Government one of quality but then the Marketing Board itself goes one step further and puts a cooking test on and turns it out under a brand name quality.

THE CHAIRMAN: Just to follow that up, grading does in fact add to the total cost of the grading product. The grading policy does add to the cost?

MR. WALLS: Not necessarily because in



most cases the grading comes out of the producer and does not enter into the spread. You see, on potatoes the spread I showed you was from the time the producer sold the product. He has graded it before that so it did not enter into the price spread deal at all, did it?

THE CHAIRMAN: It is still a cost.

MR. WALLS: It is a cost but it is no more of a cost than the cost of picking the potatoes or packing them, really, is it? It is the cost of getting the article to go and sell it.

THE CHAIRMAN: What I am getting at is a more elaborate grading system, regardless of where the actual function is to be performed, does involve additional costs.

MR. WALLS: Yes, to somebody, that is right.

THE CHAIRMAN: When you assess standards of high quality, what happens to the so-called inferior cuts of meat, if you are all selling Grade "A"?

MR. WALLS: Well, of course, this is the only market to which that is peculiar. It is almost entirely Grade "A". I think the figure runs 65 per cent of all beef in Canada is from dairy cattle so it shows that in Eastern Canada especially a very high percentage of



beef that is eaten is a lower grade than Grade "A". Now, I have not had a chance to check it. I see in another article in either the Canadian Economist or the Economic Analyst that this marketing has created a wider spread between the grades because of this high demand for a grade than as is common to the other markets and between A, B, and C meat on our market. There is a greater spread then. I have not had a chance to check that. I am purely quoting, I believe it is, Mr. Donald.

THE CHAIRMAN: There must be quite a few dairy cattle sold for beef in this province.

MR. WALLS: Yes, quite a few of them find their way into institutions and into towns that have not got -- It is only Greater Vancouver that has this grading all the way through. That doesn't apply to any of the other cities in this province; so I presume that other cattle mostly find their way to markets outside of Vancouver.

THE CHAIRMAN: There was a reference this morning in an earlier submission to apples and the effect of grading and the elimination of defective apples. What happens to them? Do they go to juice?

MR. WALLS: They go into juice, surely.



THE CHAIRMAN: You have an alternative outlet?

MR. WALLS: That is right. There is a very high consumer acceptance here of apple juice. Again, if the eastern people will excuse me for crowing; we have developed greater use of apple juice on the Pacific Coast as a result of producers' advertising than is common to the other provinces in Canada, including the other apple growing provinces.

THE CHAIRMAN: I would like to go back to the question of Marketing Boards for a minute or two and try to get some more information from you on this general problem. You referred to four Marketing Boards in the province.

MR. WALLS: Yes, one being the Milk Board.

THE CHAIRMAN: One of which is the Milk Board. You referred to that as a Government Board.

MR. WALLS: That is a Government appointed board.

THE CHAIRMAN: As a distinction from --

MR. WALLS: From a producer appointed board.

THE CHAIRMAN: What is the difference?



MR. WALLS: Well, I do not know that there is a great deal of difference except there is more confidence by the people whose product is controlled that their own people are elected by them to the Board.

Of course, you have got to keep in mind that the Government puts in a safe guard because there is on the Marketing Board a provincial board as well as a commodity board. In other words the Government appoints a buffer. In our case in this province it is three civil servants.

THE CHAIRMAN: You are talking about the other three Boards?

MR. WALLS: That is right, I am talking about the other three boards.

THE CHAIRMAN: May I just fix on the Milk Board. How is the Milk Board constituted?

MR. WALLS: Well, up to now -- at one time the Milk Board was one man, and then people started to complain and so on. They started to call him the "Milk czar" and then public pressure, I suppose -- I don't know who it was. It was not us anyway -- demanded the Milk Board should be more than one person and there was talk it should be a producer, a consumer and a chairman. Then you might as well have one chairman because both sides are



going to be opposite, and the chairman will make the decision anyway.

THE CHAIRMAN: Does that apply to a seven-man board?

MR. WALLS: No, I don't think so. Anyway the Government then nominated a Board and I think they made a pretty fair job of it. The first Board, in these figures, had one lady on it, and a university professor, a retired university professor of Animal Husbandry and a chairman. Then later on when the new Milk Board came into effect under equalization, the Milk Board was made up of the chairman, the head of the Agricultural Economics branch of the university and a part-time farmer and a part-time employee of a large industrial concern who, although he was part-time, had a very considerable herd of good quality product, and who was a graduate in agriculture, so he was not just playing.

Well then, there came an outcry that there should be a full-time farmer on the Milk Board and the Government conceded to that so that today all of the dairy farmers elect one of their number as a member of the Board. Then added to that we have an advisory committee of three dairy farmers, so that is the composition



at the present time.

COMMISSIONER WALTON: Others are appointed and the dairy farmers elect them?

MR. WALLS: That is right.

THE CHAIRMAN: The Board as such does not handle the market product?

MR. WALLS: No.

THE CHAIRMAN: What actually are its duties?

MR. WALLS: Well, its duties -- you see, first of all, there is quite a bit of adjustment of bookkeeping, a terrific job of bookkeeping because if you and I are dairy farmers and you are getting practically 100 per cent of what you are taking in to the fluid market and I am only getting 50 per cent at the same time your money has to be handed to the Board in order that they can hand it over to me so I can pay my producer under equalization.

Then there is all the accounting in regard to the Class 2, and Class 3 milk.

Actually their primary task, mind you, is to get a working formula and to issue licenses where they are applied for and then if any 50 producers demand a hearing by petition they still have to hold a hearing. Up until now that has not been necessary. We have been



able to sit down across the table with the Milk Board and producers themselves and I would say that has been quite satisfactory.

THE CHAIRMAN: Now, they have a formula. You could hardly have described it as a set price, a board set price.

MR. WALLS: That is right, once the formula is in effect, that is right.

THE CHAIRMAN: You referred to licenses. Under what conditions would the Board issue new licenses?

MR. WALLS: I am afraid I cannot answer that as far as distributors are concerned. You would have to get that from the Milk Board. I don't know. I would be glad to answer if I could.

THE CHAIRMAN: Are producers licensed?

MR. WALLS: Yes, producers are licensed, that is right.

THE CHAIRMAN: But you don't know under what conditions an applicant for license might be accepted?

MR. WALLS: His milk has to be qualified as qualified milk. In other words we have a team of barn inspectors who go out and check his barn and his dairy and everything that comes from it has to be to the standards that have been set.



His milk has to be qualified to see it is proper and a combination of these two things, based on him showing a continuity of that quota over the quota period, places him on to the fluid milk market.

THE CHAIRMAN: There is no other condition? When you refer to quotas, every licensee has a quota?

MR. WALLS: He has a quota, that is right.

THE CHAIRMAN: So that when an additional license is issued you are adding to the total quantity or are you substituting for some other licensee who has been dropped?

MR. WALLS: Up until now -- it has only been in effect for 14 months and consumption has stepped up so it is rather hard to say what the condition is. There have been a number who have dropped off because of not being prepared to spend the money to put in the necessary equipment; plus the fact that there has been an increase in consumption of possibly 6 per cent.

THE CHAIRMAN: Basically, I suppose, the power to license does confer the power to limit the quantity; limit it in the sense of --

MR. WALLS: Limit it, but only in relationship of that individual to the whole market. That is how his quota is established



in the low months of the year.

THE CHAIRMAN: I would take it and it seems to me if I came along as a milk producer or a potential milk producer and asked for a quota I may get the answer that it is not possible to issue any more licenses now because we do not want any more milk.

MR. WALLS: I don't think so. I say that only in respect to the fact that that point was never brought before the Royal Commission nor has it ever been voiced to my knowledge by the Milk Board or by the Government.

THE CHAIRMAN: Well now, what area of the province does the Milk Board cover?

MR. WALLS: Well, the Milk Board has three areas at the present time. It has the lower Main land which is from Hope to Vancouver. It has Vancouver Island and it now has taken on as of the first of March Okanogan.

THE CHAIRMAN: What differential is there between these areas or is there any?

MR. WALLS: To begin with, there was in Vancouver Island a freight differential. In other words there was only one formula established, a formula for the lower Main land. There is no different formula for different areas; one formula with adjustments to that formula so that to begin



with in Vancouver Island they got, I think it was about 83 cents, which was at that time the freight differential of cans of milk. The reason for that being it is a deficiency area and so they were granted the freight differential above the Vancouver price.

They were only paid the cost of transportation and there has been developments in transportation since. In other words, we now have a carton of milk going over to the people.

However, the Board decided to do away with the differential and that matter is under controversy and discussion between the Island shippers, the Milk Board and the Government, so at the present time there is no differential there.

The quota they set for the interior is about 40 cents lower than the one on the coast primarily based on the fact their milk was that much lower in price in the base period. The base period I think was 1949 to 1953, a five-year period.

THE CHAIRMAN: Now, this price that you were quoting, the 83-cent differential that is the price of milk you mentioned coming in the fluid market.

MR. WALLS: Of course, the Island were



at a disadvantage because they had no manufacturing plants for class 2 milk. While their producers got the highest percentage of their milk on the fluid market, being a deficiency area, whatever was over fell to class 3 because of lack of facilities for manufacturing.

THE CHAIRMAN: All shippers in Vancouver Island, regardless of the use to which their milk is put, will get the same average price on a butter fat basis.

MR. WALLS: That is right. All the producers will, in Vancouver Island get the equalized price of their qualified milk.

THE CHAIRMAN: In the Vancouver area does all milk leaving the farm have to go through the Board in the sense that

MR. WALLS: No, physically it does not. It goes to the dairies of the choice of the producer.

THE CHAIRMAN: But that transaction comes under the jurisdiction of the Board.

MR. WALLS: That is right. In other words the producer cannot move from one distributor to the other without the Board's permission.

THE CHAIRMAN: How about direct sales to the consumer?



MR. WALLS: That is practically -- Well, of course, that enters into it in the equalization, but the man was treated as if he was two individuals and on the milk he sold direct he had to equalize and hand back some money to the Board for equalization just the same as if he had been a shipper, shipping to himself. There was very little of that in the Vancouver area that fell into that category. Most of the milk is handled through, I think it is, five large distributors.

THE CHAIRMAN: How is the milk allocated between the different outlets?

MR. WALLS: Well, we are fortunate in this way, that the organization who has the greatest surplus of milk over and above its fluid requirements, is the one who has all the manufacturing so it is not as big a problem as it would seem. In fact, in some months of the year they supply fluid milk to the other independent dairies. I am thinking now of the Fraser Valley milk producer; so the class 2 milk facilities are all in the hands of the organization with the most members.

THE CHAIRMAN: This is something on which I have been confused. I understand there are a number of different co-operative milk organizations. How do they fit into the



operation of the Board?

MR. WALLS: Exactly the same as the others. There is no difference.

THE CHAIRMAN: The shipper deals through his co-operative?

MR. WALLS: That is right.

THE CHAIRMAN: The co-operative arranges the sale to distributors?

MR. WALLS: No. You see, we only have one co-operative dairy in the coastal area. We had two. One has since become a private company so that they also are in the milk distribution business right on the street, selling milk both wholesale and retail.

They not only supply their own street requirements, but a fairly big percentage of their class 2 manufacturing requirements and some of their class 3 requirements, but they also augment other dairies in the don flush season.

In other words, there is an increasing tendency by the independent not to want too many distributors than just about what his bare requirements are because he can call upon the co-operative for what he requires in surplus.

THE CHAIRMAN: I think that is very helpful to me and perhaps the other Commissioners



as well. We rather expect both in this province and in Ontario we will hear a good deal about the operation of the Boards and we want to find out as much as we can about this. I judge really there are two sources of criticisms to the operation. There may be more, but there are two at least. One is the compulsory element. Some people just object to that. That is one issue by itself. The other seems to be largely a question of averaging or pooling of prices.

MR. WALLS: Yes.

THE CHAIRMAN: I presume that it is almost inevitable in any substantial geographical area with a diversity of conditions that there will be circumstances in which some individuals can probably do better outside the average processing pool arrangement. Would that be correct?

MR. WALLS: Yes, that would be correct, but I think it is misleading to leave it at that, because, for instance, on the Coast Vegetable Marketing Board we had, before the Board was in full operation and before all potatoes were centrally graded, two or three large producers who turned out a good product, and certain large businesses contracted for their entire output, and you might say



that there was a man, he was a big operator, but when it was decided instead of doing that that all potatoes should go over a central grading station and a uniform product should come out, it was put to the meeting, and the large producer who was more likely to lose agreed. Further, in regard to this compulsion, in the last few years there has been naturally -- you see, there is always somebody who feels there is compulsion and complains loudly about it, and we have had plebiscites to see if something started in 1938, or whatever the case may be, whether the producer wanted it, and in every case it has been voted back with a big majority. So the producers want it, and you have to keep in mind it is one unit, one vote, and if you took the acreage you would find the percentage to be a way over 90 per cent instead of the 80 per cent as the vote might show.

THE CHAIRMAN: With respect to this large potato producer who was perhaps more likely to lose by the pooling arrangement, why would he be willing to support the organization? What offsetting gains are there?

MR. WALLS: The principal one is, of course, the thing that brought boards into effect, that it is ^a/semi-perishable product,



and the trade played one against the other just the same as they did with the fruit people, and they beat the price of potatoes down per ton. You say I can buy them from Charlie Walls for \$27 a ton, and I figure I get \$12 anyway, but if he is going to sell them to you for \$11, I guess that is what I will have to take, and then they come over to Charlie Walls and ask what he wants for his potatoes. We were small individuals and we were played one against the other, and that is what caused the fruit man, long before Grundi thought of it, to lie on the rails. If they had used the Marketing Board they wouldn't have the trouble they have. There is always some disagreement, but the vast majority favours quality marketing.

THE CHAIRMAN: Would it be your personal opinion that the average price to the producer has been greater as a result of foreign operations?

MR. WALLS: Oh, yes, I couldn't help but say that. All potatoes are sold over one desk, but if you mean the Board holds the price up unnecessarily high --

THE CHAIRMAN: That wasn't my question.

MR. WALLS: When you are talking about the large producer, the only reason he



might do better is the umbrella which was set up by his other fellows. If it was dog eat dog, then the independent would on no account, even if he was a large producer, get more.

THE CHAIRMAN: I think I can concede the situation in which perhaps this would not be so. I have to just assume certain conditions locally here to try and get a case, but I take it, for example, in the Milk Marketing Board on Vancouver Island that farmer "X" may have a farm right on the periphery.

MR. WALLS: For the market, yes.

THE CHAIRMAN: Now, farmer "Y" is 20 miles out on the Saanich Peninsula. Now, other things being equal, if you include the shipping costs, farmer "X" will do better because of his location, independently.

MR. WALLS: Well, he would and he wouldn't, because if you are going to give him priority in that market or say that he is entitled to it and the man who is further away you are going to say, Well, it is too bad you are 40 miles further away, yours has to go into milk powder and cottage cheese, it wouldn't be long before his fellows would organize themselves and undercut the fellow who set his plant up close to a city. Therefore,



where would be the advantage? -- Plus the fact that our whole economy of farming is changing so rapidly that the farm which may be adjacent to a market today is quite possibly somebody's back yard tomorrow. That has happened in the last number of years.

THE CHAIRMAN: To pursue this type of illustration one step further, supposing farmer "Y" who is 20 miles out on the Saanich Peninsula is right on the outskirts of Sidney and he would like to peddle his milk in Sidney and he could do that on a fluid milk basis better than shipping it to a plant.

MR. WALLS: Provided that he was willing to comply with the health regulations of pasteurization.

THE CHAIRMAN: Yes, but there is no opportunity for farmer "Y" to attempt to do this, the Board not having given the license.

MR. WALLS: That is right.

THE CHAIRMAN: Shifting to products I know even less about, perhaps I had better start by just asking a few questions about the other boards. How would you describe the difference between these other boards which you say are not Government boards and are producers' boards? Is it a matter of election of boards?



MR. WALLS: Yes, it is a matter of election. Usually it is a staggered election, so that all Board members do not go off in any one year, and they appoint the Board. It is purely a policy-making organization; the actual selling is done by a sales agency appointed by the Board.

THE CHAIRMAN: In the case of fruits, the area includes the whole of the province -- no.

MR. WALLS: No. The area is outlined as the Okanogan and takes in the Kootenay boundary. Under the Act you have to stipulate the area, and it is the tree fruit growing area. Nobody has attempted to grow apples economically as a crop at the coast.

THE CHAIRMAN: So it is entirely an interior tree fruit?

MR. WALLS: Yes. There are quite a lot of coast apples sold. In other words, Okanogan as a rule gets little opportunity to put their apples on in the early part of the season because people who have the trees pick them and they are put into the local market and they are quickly exhausted. That fruit comes on at a low price early in the season, and as a rule the Okanogan apples don't come on



until the local apples are out of the way. That is only for a short period.

THE CHAIRMAN: Those apples are boxed in the area.

MR. WALLS: Oh, they are loose-packed in old boxes, a lot of them. Mind you, I want to qualify what I said. All stores do not handle local apples, and the Okanogan apples are right in at the season. There is some utilization of local apples for a short period.

COMMISSIONER WALTON: They are permitted to sell because they don't come under the board area.

MR. WALLS: It only gives control in the marketing area. We set up a marketing board. We have no control against American or Alberta apples coming in here. A lot of people have an illusion it is a closed shop. It is only closed across the desk, but after that it has got to compete.

COMMISSIONER WALTON: This shipment of apples at the site is being stopped. It was going outside the province, but it came within the area.

MR. WALLS: That is what caused the Marketing Board to be established. The trade used to pick up the apples on consignment and



return what was left, and sometimes all that was left were red figures showing where they lost money. The people in between got their handling charges out of it, and the people who grew them lost money.

COMMISSIONER DRUMMOND: In connection with the milk marketing, one or two things have occurred to me. What has been the trend in respect to the number?

MR. WALLS: Oh, it has gone down; it has gone down quite materially in the last ten years. In fact, I have the figures somewhere in my bag, so before I leave, if you care to have them, I would give them to you.

COMMISSIONER DRUMMOND: Now would you expect that type in this concentration shall we say on the smaller numbers would have a spread narrowing effect?

MR. WALLS: Oh yes, I think so because now equalization is into effect there is no more advantage in jumping one place over another and I may be a little prejudiced, but I would think that if this maintains there will be more and more producers headed into the co-operative.

COMMISSIONER DRUMMOND: To what extent it might be beneficial, by that I mean



spread narrowing beneficial from the effects of this concentration be offset by the mere fact that the size of your market, the size of the city of Vancouver in the last 10 years has grown tremendously. Does that effect the market?

MR. WALLS: Yes, especially when a section of what you had been delivering is now restricted into a new channel of retail sale, yes. That makes it increasingly difficult because it now has to cover that many more Boards than it ever had to cover before, and that applies to wages as well as to truck costs and everything else.

COMMISSIONER DRUMMOND: And the labour involved and transportation cost.

MR. WALLS: Right.

COMMISSIONER DRUMMOND: The other question I was thinking of was you mentioned in connection with your graph on beef that the spread in connection with that commodity was the widest of any, and this is a fact, is it not that as time goes on a larger and larger percentage of your meat has to be imported from the outside provinces?

MR. WALLS: That is quite questionable, you see, because of the fact that this market



became very restricted in regard to grain fed cattle although we have found that we have sold many thousands of head this year for the first time as feeder cattle to the United States. Cattle that normally should have been raised to maturity and butchered for providing this market. So the potential is still quite large in being able to raise grass fed cattle and there may be some machinery found whereby we can get cheaper grain for finishing. We are working on it, plus the fact that the type of meat on which there is a great deal of expansion of consumption is, as you know, on poultry meat, and poultry production in this province is growing by leaps and bounds. We are within \$1 million a day. In other words, our poultry production is coming up now to about -- over a quarter of our entire agricultural income is because of poultry meat and it has continued to expand, so that all figures turned out say that the per capita consumption of poultry meat is jumping quicker than any other type of meat. I have to qualify the question you asked me, because there are a lot of things, if our cattlemen were given a chance to show what they could do in this market, I think they could supply a much greater amount than they are



doing. At the present time it is only about 40.

COMMISSIONER DRUMMOND: I was going on the basis of past events, and according to the past, the best statistical information I have been able to get in regard to supply and transportation, part of I suppose may be the poultry per capita consumption of red meat within the province, a larger and larger part of the total said to be brought in in the last 10 years you have been talking about, and it is always within that same period that you had this phenomenal expansion in population of the province.

MR. WALLS: Yes, of course I can't go entirely with you. I can see your reasoning there because I would credit it more to the fact that the good product that they were turning out, there was not a ready market for it adjacent to their doorstep, and one thing you must remember is this, there are quite a lot of British Columbia cattle have gone back to Alberta have been fed and then have not been shown as British Columbia cattle at all. They have been re-shipped from the feed markets of Calgary and Lethbridge and then come in as Alberta cattle so maybe we have been supplying



a bigger percentage of our market than statistics have ever shown.

COMMISSIONER DRUMMOND: It is quite possible. You see my point there?

MR. WALLS: Oh yes I do.

THE CHAIRMAN: I realize it is difficult here to get a better answer to the question whether the operation of the Board had in fact increased the average price to the producer. You said you had evidence that they had?

MR. WALLS: Yes.

THE CHAIRMAN: I realize it is equally difficult to give a sensible answer to the question. Did they reduce the spread or did it keep up the price to the consumer if the producer gets a better average price under these conditions?

MR. WALLS: You understand these Boards have been operating since the 30's and I haven't -- I couldn't answer you because I haven't got the figures of the spreads dealing back to the time before. I would say that it has certainly eliminated an erratic widening of the spread. I think I qualified as to my reasons for that, but that is the only reason I have because I haven't got the figures for the 30's as to the spread between the producer



and the consumer before the Board went into effect.

THE CHAIRMAN: I would be afraid there are so many other factors involved it would be very very difficult to get a statistical answer to that question.

MR. WALLS: It could be, but you will agree with me, that both my crop of potato, both milk and potatoes there is practically no variation in spread for ten years, and it is the only one of the products that are like that. I think we can take some inference from that.

COMMISSIONER DRUMMOND: You say the operation of the Board let us say in the case of fruits have the effect of reducing the percentage of the total that went as waste?

MR. WALLS: Oh yes, I would say so.

COMMISSIONER DRUMMOND: If that is so, what effect might that have on your marketing cost and consumer price?

MR. WALLS: Well you see, the operation of the Board let us go to apples first of all, in order to avoid waste they did, the producers put up the funds to experiment on juices, and they developed juices. That was their means of doing it. Now as far as potatoes are concerned, we are mostly a deficiency



market. We will have quite a lot of potatoes, I don't know, they talk about early potatoes, but we have seen American potatoes and some Alberta potatoes come in so I don't know whether there is any answer that can be given to your question on these two facts.

COMMISSIONER DRUMMOND: My other question about the price was it had been said that not infrequently, if not continuously, the price of apples in Vancouver is higher than the price obtained for British Columbia apples in Toronto. How does this happen?

MR. WALLS: Well I won't say it even happens because I don't know. I mean as soon as we got word about this I have got to confess I spoke to Dean McFee who told me he was going to place all his findings in your hands, so I therefore made no further investigation of fruit spread because time was of the essence in order to get this done in time, so I am afraid that I honestly couldn't answer that question. I am quite sure that it will appear in what Dean McFee is going to give you.

THE CHAIRMAN: Would you consider that in this form of marketing this would be possible?

MR. WALLS: Well you place me in a difficult position. If you have a certain quantity



of any product to get rid of then whatever -- if you sell a certain amount at a fixed price and let us say you have a percentage over, whatever you got for it over that is that much better than if you had dumped it, so it is quite possible that any product that in certain years could be more than surplus to these markets, that on some markets you would accept a lower price. Now I shall give you that as a theory. I am not saying that has been the practice of the Fruit Board.

THE CHAIRMAN: But this would be possible only under some kind of an arrangement whereby you have control of the total quantity?

MR. WALLS: Yes, otherwise the same thing would happen. I think you would have so many producers that would get one benefit, benefit from one market and the others who would be left holding the bag with a lost market wouldn't you?

THE CHAIRMAN: There are three particular questions we would like to get an answer from you. They are rather randomly arranged. In listing these several factors which might be causes of the increased spread you have made no reference to storage. Would you not think in a general way that the function of storage is becoming more important in the marketing of



foods, and they are important important enough factors that they should be looked into?

MR. WALLS: Oh yes, of course storage is two-pronged. While it will increase the cost to store something to make it keep longer, it also provides the consumer with a product longer than the natural time. I mean take an apple kept in cold storage as against an apple kept in room temperature, it would mean the consumer would have too many at one season, and then have none in the months that it was not possible. As it is now, you are able to spread it out more so the advantage, while the cost may increase, I would say the consumer gains the advantage of being able to have that product for more months of the year. Now we have had that problem, of course with our ability to store potatoes as against what we have to place. Many times the growers in Washington without adequate storage supplies are putting the surplus that they cannot quickly market in our market, you see and they would entirely disorganize the whole market if we had not, if our growers had not build adequate storage to carry them over that period.

THE CHAIRMAN: I am not questioning that, it is a service obviously, and a function.



It seems to me that it is possible that in the last few years it has become generally a much more significant factor.

MR. WALLS: There is no question about that. There is also one factor on storage that we didn't deal with, and that is the increasing use of frozen packs, and it is questionable whether that has increased the cost or decreased the cost. You take like peas. I wouldn't know whether the cost of frozen packs is approximately at a price fairly close so that their storage apparently is not costing too much extra is it?

COMMISSIONER DRUMMOND: Would you say that as and when you get more orderly marketing you thereby naturally have greater storage charges?

MR. WALLS: Well somebody will have yes, somebody will have, that is right, but it may not be a storage charge charged against the consumer. I would point out in potatoes and vegetables it is stored by the farmer himself.

COMMISSIONER DRUMMOND: Farmer at one end and consumer at the other.

MR. WALLS: That is right.

THE CHAIRMAN: I am particularly interested



in your distinction between consumer acceptance and consumer preference.

MR. WALLS: Yes?

THE CHAIRMAN: You refer to this in your list of marketing practices. Would you like to say anything more about this? Other emphasis on it?

MR. WALLS: No, it is just our feeling that for instance we are using as an example tube tomatoes. I don't think for one minute that a consumer ever thought up the idea that she would like to get four or five tomatoes in a package with a cellophane window in it. I think it was some smart merchandisers thought up the idea to get one jump ahead of his competitor. Pretty soon it was copied, and therefore it wasn't the difference there -- too often the retail trade in press talk about these things as a consumer preference. All it was was the consumer acceptance after it had been put into effect.

COMMISSIONER DRUMMOND: You do not think it has added to the total sales to the product? It might add to the total sales in one particular product?

MR. WALLS: Yes, that is right.

THE CHAIRMAN: Your approach to this



is that somebody in the merchandising field gets an idea we will have a plastic-faced box for tomatoes, so he sells this idea to his manager and they start putting out these boxes. Now what you mean by consumer acceptance is then that this idea catches on?

MR. WALLS: That is right.

THE CHAIRMAN: That the consumer accepts, I mean obviously he does or else there is no point in competitors getting into it. It would drop by the wayside as many of these gadgets do.

MR. WALLS: Quite right.

THE CHAIRMAN: But they are accepted?

MR. WALLS: That is right.

THE CHAIRMAN: Have you any thoughts as to how these are accepted? I mean, is this a voluntary idea on the part of the consumer that this is nice, that they like it, or what I am really getting at, I think, it is possible is it not that there are additional advertising costs?

MR. WALLS: That is right.

THE CHAIRMAN: The marketing structures, which are associated with consumer acceptance of these things, become elements of cost.

MR. WALLS: That is right.



THE CHAIRMAN: In other words, it is perhaps another cost --

MR. WALLS: That is right.

THE CHAIRMAN: To which you have not referred?

MR. WALLS: That might be taken into consideration.

THE CHAIRMAN: I think that is tied in with it.

MR. WALLS: That is right.

THE CHAIRMAN: I would like to ask you with respect to your table about eggs -- what page is that on, do you remember?

MR. WALLS: The graph pages I am afraid are not numbered. It is 27, which is the write-up opposite the graph.

THE CHAIRMAN: You point out that the wholesale spread is larger in Vancouver than in Winnipeg or Montreal, but the retail spread is less.

MR. WALLS: Yes.

THE CHAIRMAN: Presumably this may be because of the different functions performed by the retailers in one marketing situation and the wholesalers in another.

MR. WALLS: That is why we recommend it for your study because we do not know.



THE CHAIRMAN: Incidentally, with regard to eggs, you point out here that both your producer's price and your consumer's price are down in comparison with 1948?

MR. WALLS: Yes.

THE CHAIRMAN: Am I right in believing that this is one form of production that has gone through very considerable technological revolution and that presumably there have been substantial reductions in the cost of producing eggs?

MR. WALLS: That is right. There have been reductions in the technical end of the production which has made it so there are more eggs laid per hen but on the other hand if you compare it with 1948, there have been some increases in cost of feed that we have to pay because the poultry in this province is one thing where 100 per cent of the feed is purchased and brought in from outside. We do not grow it locally at all.

THE CHAIRMAN: It seems to me we are going to find there are quite a number of circumstances affecting different products with adjustments in particular cases.

MR. WALLS: That is right.

THE CHAIRMAN: You could get the



situation, could you not, where because of rapidly changing techniques in production, you have a falling price for the raw material?

MR. WALLS: Yes.

THE CHAIRMAN: For the farm product?

MR. WALLS: Yes.

THE CHAIRMAN: That does not affect your marketing cost, and therefore relatively your marketing costs would become higher.

MR. WALLS: Yes.

THE CHAIRMAN: Which would mean a larger portion of consumer dollars.

MR. WALLS: Yes.

THE CHAIRMAN: You have pointed out in the case of beef since 1952 we seem to have from your illustration a relatively rapid increase of margin?

MR. WALLS: Yes.

THE CHAIRMAN: Have you any suggestion as to why that should be so?

MR. WALLS: The only thing I can say -- of course, I am not making this as a submission because I have not had a chance to study it, but the same thing holds true on poultry meat, pork and beef. I did not have an opportunity to check the wage scales nor a list of the Board distribution and handling business, but



we did check them on the one dairy. You will notice that the graph shows that it keeps up pretty level until about 1952. Then it shoots away up to 117 per cent very rapidly so I can only come to the conclusion that one of the main factors for the rapid increase in spread from 1952 was the rapid increase in wage contracts in that period.

THE CHAIRMAN: We will be looking at that. This does lead to another question I wanted to ask you. You say profit is one of the factors that should be looked at affecting margins. You point out something that we certainly will not overlook. There is a difference between profits in percentage of sales and profits as a percentage of invested capital. I would like to ask you this question. A profit margin of 1.4 per cent on sales is pretty narrow, is it not? I mean, if you have any change in prices that amount is not very much. If you are operating on that amount of margin then a change in prices would make a very substantial difference in your profits?

MR. WALLS: Yes, but you have got a product that is turned over very rapidly and on which you can make adjustments in your margin to take care of unnecessary losses.



I mean, I do not know how fast they turn over grocery stocks or meat stocks, but I would imagine -- of course, I may be sticking my neck away out -- I would imagine meat stocks you should at least be able to turn over 10 times. I would think that, if I may just use this as an illustration. If I have \$10 to invest in merchandising of meat and I turn it over 10 times so I will have \$100 in sales, and I make \$1.40 on it, according to that figure, that is \$1.40 I make on \$10 investment, which is 14 per cent and I think that is a pretty fair profit and allows for quite a bit of fluctuation in price.

I am quite sure in quoting that example I am being very conservative because I am quite sure if I was in the merchandising business I could turn over my products oftener than 10 times a year.

THE CHAIRMAN: I was never very good in arithmetic, but I am right in this; suppose you are operating on 1.4 per cent sales margin, and you had a price falling of 1.5 per cent, you would be broke, would you not?

MR. WALLS: If everything fell 1.5 per cent. Can you imagine everything falling 1.5 per cent?



THE CHAIRMAN: A change in price downwards?

MR. WALLS: Yes, on the whole sales for the whole year. You are not talking about capital you have got invested, tied up in stock. You are talking if the sales for the whole year went down 1.5 per cent. I do not think that people would be jumping into that business and expanding if there was any danger of it doing that.

THE CHAIRMAN: That is the next question I want to ask you what processing goes on in this province of agricultural products? What meat packing is there?

MR. WALLS: The packing houses are here. We are not a regularly listed market. That is, we have not got public stockyards here. We have a co-operative which handles only a percentage of the cattle, but most of the packing houses are represented here -- I am thinking of Gunnells -- do their own slaughtering and processing, and of course we have two very active local --.

THE CHAIRMAN: Has there been much expansion of facilities in the processing field?

MR. WALLS: I do not know how to answer that. I would say there has been expansion in local and some restriction on the larger



organizations. You see, after all if you are going to have to ship the live animal from Edmonton, you might as well butcher and ship the carcass, so there has not been encouragement.

THE CHAIRMAN: I would like to just put one point on the record, with respect to your reference to the D.B.S. statistics.

MR. WALLS: Yes.

THE CHAIRMAN: I at least have had enough experience with statistics to know what difficult things they are. I would like you to admit, if you would, basically if the D.B.S. can't get the statistics from the primary sources, they can't have the statistics at all.

MR. WALLS: I agree with you. We have done everything within our power to make sure that the farmers supply the answers. I could not agree with you more. I think it is imperative that they get the utmost cooperation from everybody when they ask for figures because it is of benefit to all of us. No question about it.

THE CHAIRMAN: Well, we are extremely grateful to you, Mr. Walls. This has been most interesting and helpful to us. I just wish we knew half as much about the situation in B.C. as you do. However, you have done



your best for us.

MR. WALLS: That is very kind of you. If, before you leave here, there is any further data that I can give I will be only too pleased if Mr. Dawson will get in touch with me to get it.

THE CHAIRMAN: The next brief will be presented by Mr. Masuch on behalf of the East Kootenay Berry Cooperative Association but before hearing from Mr. Masuch we are going to have a break.

--- Recess.

--- Upon resuming.

THE CHAIRMAN: This is the submission of the East Kootenay Berry Cooperative Association being presented by Mr. Elvin Masuch. This will be Exhibit 5.

EXHIBIT NO. 5: Submission of the
East Kootenay
Berry Cooperative
Association.



EAST KOOTENAY BERRY COOPERATIVE
ASSOCIATION

THE CHAIRMAN: Mr. Masuch, I gather you would tell us about your relation to the East Kootenay Berry Cooperative Association and the nature of the organization.

MR. MASUCH: Yes. Mr. Chairman, I am a member of the East Kootenay Berry Cooperative Association. I don't hold any official title, I am just a member, and when the East Kootenay Berry Cooperative Association started at first it was just selling berries, but after, as I have in my brief, it was changed to sell tree fruits also.

THE CHAIRMAN: How long has the organization been in existence?

MR. MASUCH: I would say about six years.

THE CHAIRMAN: What would its membership be?

MR. MASUCH: The membership was 68.

THE CHAIRMAN: They are all in the East Kootenay district, are they?

MR. MASUCH: Yes.

THE CHAIRMAN: Have you discussed this presentation with the directors of the Association?



MR. MASUCH: Yes. When I read in the paper about the Federal Government appointing a Federal Royal Commission to investigate the price spreads, I brought the matter up at our meeting, and asked them if it would be a good idea for this association to present a brief to the Government on its behalf, and they all thought it was a good idea that a brief should be submitting. So three men were elected to make a brief up, but unfortunately I never got much help from the other two, so I had to do it all myself.

THE CHAIRMAN: Thank you very much. Would you proceed to read your brief.

MR. MASUCH: Mr. Chairman, Commissioners, ladies and gentlemen: This brief deals specifically with tree fruits, the price the producer receives for the fruit and the price the consumer pays for the fruit.

Crop year 1955: All prices are gross, the producer must deduct cost of production which is approximately \$1 per box. That is a standard 40-pound box.

Variety	Grade	Size	Price	Consumer Paid
Macintosh	C11	Medium	.24	\$3.50
		Small	-.1148	



THE CHAIRMAN: Excuse me, may I ask
you in regard to the Macintosh small, grade "C"
is that 11.48 cents, minus?

MR. MASUCH: Yes, minus, that is in the
red, plus the dollar production costs.

THE CHAIRMAN: It is 11.48 cents?

MR. MASUCH: Yes, 11-1/2 cents.

Variety	Grade	Size	Price	Consumer Paid
Macintosh	Fancy	Medium	.79	\$4.60
		Small	.50	
Cortland	Fancy	Bulk	.12	Do not know price
	C11	Bulk	-.10	
Delicious	C11	Medium	.07	\$3.80
		Small	.03	
Red Stayman	Ex.Fancy	Medium	1.09	Do not know prices
	Fancy	Medium	.53	
	C11	Medium	-.0028	
Bartlett pears	Fancy	Medium	\$1.72	\$7.35
Rob Roy	Fancy	Medium	1.25	Do not know prices
	C11	Medium	.96	
Winesap	C11	Medium	.41	\$4.35
Peach plums			.26	\$1.50
Prunes	Fancy		.30	\$1.55
Cherries	No. 1		\$1.50	\$7.00



I have a few finals that came out on the 1957 crop. They are not out for the apples yet, for the main part of the apples, but I have here Transparent cookers --

Variety	Grade	Size	Price	Consumer Paid
Transparent Cookers	Cooker		-.1148	\$3.50
Cherries	No. 2		3.40	\$10.00

I may be out there a few cents with that 3.40; I am not quite sure. It may have been about 3.50 paid to the producer.

Causes of price spreads: There are many causes which affect the price spread between the producer and the consumer.

Some of the causes are:

- (1) Increase in transportation charges.
- (2) Increased wages paid to labour handling fruit.
- (3) Increase of packing charges in packing sheds to pack, wrap, and grade fruit to B.C. Tree Fruits regulations, which are absolutely unnecessary. In most cases it is just more expense to the producer with no benefit to the consumers.
- (4) The British Columbia Fruit Board and B.C. Tree Fruits.



We will say Nos. 1 and 2 are increases and conditions that are quite certain to come at the present time of high wages and increased costs. Nos. 3 and 4 are increases and conditions which have been forced on to the B.C. Fruit Growers unnecessarily, and if the dictorial, monopolistic regulations and compulsory marketing system of free trade and Dominion Government inspection, the whole fruit growing industry of B.C. will become a memory, it will soon become a thing of the past.

I would like to add that since I made this brief the B.C. Fruits Board has paid the money for the illegally seized shipment of fruit which they seized on July 17th, and they have paid \$6 for No. 2 Orchard-run cherries, and \$3.50 for Transparent cookers. The money was received by the East Kootenay Berry Cooperative Association manager, and distributed among the members about 10 days ago, I believe, something like that, eight or ten days ago anyway.

Growers have received so little returns for their fruit the past years, that they are being forced off their land to work in sawmills, construction, etcetera jobs to make money so they are able to pay their land taxes and keep their families from starving. In



fact in Creston Valley there are about 90 per cent of the fruit growers that have been forced to seek other means of support other than their farms. Out of the remaining 10 per cent there are about 5 per cent which do not live, they exist.

Perhaps when the British Columbia Fruit Board was set up in the 1930's, it seemed like a feasible scheme, but little did anyone realize that the regulations and compulsory marketing scheme which they operate under at the present time, would take away all the fundamental rights of the fruit grower. In fact they have reduced the fruit grower to a peasant. He has the right to buy land, work on it, raise fruit trees, and as soon as the trees produce fruit, the fruit is not the property of the grower; it becomes the property of the British Columbia Fruit Board. This whole scheme proceeds on a basis that is fundamentally wrong.

At the present time, according to B.C.F.B. regulations, a consumer is not allowed to buy any amount of fruit over 10 standard boxes from the producer or packing houses. If a consumer from B.C., Alberta, or any other province comes to Creston Valley and purchases in excess of 10 boxes of fruit, his automobile



can be stopped on the highway, by a B.C.F.B. Inspector, the fruit confiscated, and the consumer taken to court and fined or imprisoned. This has a very serious effect on the amount of fruit which could be sold direct from producer to consumer, with both parties receiving the benefit of the direct sale without any middle-man expenses.

The wholesaler or retailer cannot buy direct from the producer or packing house as was proven last summer. The President of the Kiwanis Club in Calgary came into Creston Valley for the purpose of purchasing 60 carloads of Macintosh apples for the 1957 season direct from the packing house. Application was made to the B.C.F.B. for permission to sell the apples direct from the packing house to the Kiwanis, with a promise to pay all levies and charges due to the B.C.F.B. and B.C.T.F. They would not grant the permission to make the sale. The President of the Kiwanis Club was asked why they did not like the B.C.T.F. He said they received absolutely no consideration or cooperation from B.C.T.F. and they were absolutely fed up with them. In fact, he said if they could not obtain their apples from Creston Valley, they were



seriously considering turning to Eastern Canada for their apples.

If the consumer, retailer and wholesaler were allowed to buy Dominion Government inspected fruit direct from packing houses and producer, the result would be that the consumer would purchase the fruit at a reasonable cost, therefore consuming more fruit and our surplus problem would be solved.

At the present time, B.C. fruit is selling far too high in the stores for the average consumer to buy it, and the producer certainly is not getting his portion of the consumer dollar which is shown in the first portion of this brief.

After the disgraceful prices of 1955, the growers in Creston Valley began organizing against the compulsory marketing scheme. We affiliated with the East Kootenay Berry Cooperative Association, which up to that time dealt chiefly with berries. They had been incorporated under the Cooperative Act in Victoria. Their memorandum was amended to include selling of all classes of tree fruits on commission basis or otherwise. Licenses were obtained from provincial and Dominion Government to transport and sell fruit interprovincially.



Application was made to the B.C.F.B. asking permission that the East Kootenay Berry Cooperative Association sell fruit for the 68 members which belonged to the Association. We were flatly refused.

The B.C.F.B., B.C. Government and Dominion Department of Agriculture were informed that the East Kootenay Berry Cooperative Association was going to make a shipment of fruit on July 17th, 1957. The fruit was inspected and passed by a Dominion Government Inspector. The truck was stopped 67 miles east of Creston by the R.C.M.P. The fruit was seized by B.C.F.B. Chairman Mr. J.C. Campbell, and B.C.F.B. Inspector J.B. Holder. A charge was laid against Mr. Peter Sherstobetoff, Manager of the East Kootenay Berry Cooperative Association. He was found guilty in Magistrate's Court and fined \$25 and costs. The case was appealed to County Court, where the Magistrate's decision was reversed and the fine and costs were refunded. Unfortunately the point on which Mr. Sherstobetoff won his case was a technical point, the fact that the B.C.F.B. never had their order in council passed for 1957.

If we were not prohibited to sell our fruit to the consumers, retailers or wholesalers through the East Kootenay Berry Cooperative



Association or other voluntary cooperatives, the consumer would be paying less for his fruit than he is paying at the present time, and the producer would be receiving more money for his fruit.

The prices received by the producer at the present time are a disgrace and unless the Government investigates and remedies this matter the fruit grower is lost. Therefore, we ask of this Royal Commission to include in your report to the Government that the dictatorial, monopolistic compulsory marketing regulations of the B.C.F.B. be abolished as they have proven absolutely no benefit to the producer or consumer.



I have a few more comments Mr. Chairman, I can present with this brief. There is one point that I cannot understand. I myself as a primary producer and a free citizen of this country, I am prohibited to sell my produce interprovincially while the wholesaler imports fruit from the United States. In fact, it seems to me the way the whole thing is organized is that I am prohibited to sell my fruit by the British Columbia Fruit Board interprovincially and yet at the same time they are protecting the wholesaler and the American fruit growers into flooding their fruit into this country. That is the way it seems to me.

In regard to the canning industry which one woman said was a God send to the fruit growing association of the Okanogan or they are called British Columbia fruit processor, that is the registered name they go under, since they have commenced their operations for some, I believe some 10 years or so, they have paid growers an average of eight-tenths per pound on their fruit. This does not include culls. This includes a lot of good apples and a lot of peaches, apricots, a lot of fruit like that. They have paid eight-tenths of a cent per pound to the growers.



I don't know whether that is a good thing or a bad thing. It is certainly nothing for the grower.

You take apple juice now, you can get your fruit and apple juice, it is made right in Crescent Valley, and is selling, at least for the same price or higher than pineapple juice which is transported and made in Hawaii, transported 3,000 miles to Creston, British Columbia. Apple juice is selling for just as much or more. I have a receipt right here for 1955 culls for my cull crop, which the processors paid me and paid me 15 cents a box. I have it right here with me. That is what I received for my culls.

I would like to say a few words on the new Association being formed in the Okanogan Valley at the present time and in Crescent Valley, called the Canadian Fruit Growers Association, Western Division. This Association started organizing about two months ago, and they have about 150 or 175 members at the present time, but after the general meeting of April 8th, which was yesterday, we are quite certain there will be a landslide of membership into the new Association, as a platform of the new Association has been drawn up and



approved by the members.

Mr. Commissioner, Mr. and Mrs.

Commissioner, I wish to make a plea to you to-day on behalf of myself and the members of this East Kootenay Cooperative and the members of the new Canadian Fruit Growers Association, Western Division that the present system of compulsory marketing be changed to a democratic system. We are desperate people right now, the fruit growers in British Columbia. Believe it or not we are desperate people and if we do not get help we are lost completely. As far as myself goes, I will fight this compulsory marketing scheme right to the end. I will never give up. I think the thing is wrong and that is all there is to it. As far as I am concerned they have taken away my rights as a citizen of this country and have degraded me right down to a peasant.

I have considerable information here not only on the 1955 crop, but I have other years, 1956, 1950, 1953. If you care, I can read some of these out, or if you just want me to make it as an exhibit, but it will give you an idea of the prices that we have received. I would like to say that my 1955 crop that I averaged 55 cents a box while the



cost of production is \$1. That is what I averaged, and there are many more crops here, 1956, 1950, 1951, and 1953. There is not much difference in them. They are all very low. If you would care for me to read some of these figures out, or just to present them as an exhibit.

THE CHAIRMAN: I think perhaps, I notice that you have the 1955 here, and you have given a few prices on 1956, I think we would like to establish the basis of these price quotations which you have given to us, and then perhaps you might fill in the 1956. I judge from what you say that 1955 was a particularly bad year.

MR. MASUCH: Yes.

THE CHAIRMAN: Maybe 1956 isn't much better. Perhaps if we can have the 1956 figure first of all, to just get clear on the record where you got these prices from. Let me take the first one, Macintosh, C grade medium price 24 cents. What is the basis of that quotation? Your own records or an average price?

MR. MASUCH: Do you mind if I show it to you? (Approaches and indicates to Board members). As my slips were given with the Royal Commission, Mr. McFee, this is another



growers but shipped the same as I did, and they are exactly the same so here is Macintosh variety, here is your extra fancy, medium, here is your fancy medium and your C grade medium, and the prices are listed over here. This is your gross price, and this is your net price. That is taking out your packing charge, wrapping and grading and storing and boxed. This is the price paid which is left over for the producer, deduct his production cost from that, you see. Now for instance, you said Macintosh C grade medium 24.3 cents.

THE CHAIRMAN: Thank you very much. The other prices are determined in the same way?

MR. MASUCH: Yes, they are all -- all these producers' invoices are here, that I have marked down here. They are all in this. (Indicating).

THE CHAIRMAN: Would they pay the same price to all the producers then for that grade?

MR. MASUCH: Oh yes. Yes, it is all pooled, the packing charge in the shed might have varied a few cents in each district. That could make it a little higher or possibly a little lower. The packing charge could have been a little higher in some localities of a



few cents.

THE CHAIRMAN: Well now, in the case of Macintosh small where the price was 11.48 cents, would the producer get a bill for this?

MR. MASUCH: Yes, it says right here that this producer was deducted \$21.93 for his Macintosh small. He had 191 boxes of Macintosh "C" small and they deducted \$21.93 off of his account. The good apples had to cover up this.

THE CHAIRMAN: Do you happen to know of any case where there was an actual bill chargeable against a shipper?

MR. MASUCH: Oh yes, definitely. On prunes and early apples, the like of that. Sure, they have actually charged a bill against the producer in the packing slip.

THE CHAIRMAN: And had to pay cash?

MR. MASUCH: Yes. Well, either that, or he left it standing if he was unable to pay it, and it was deducted out of his next year's crop.

THE CHAIRMAN: Now where did you get the consumer price as shown here?

MR. MASUCH: I got these consumer prices, there was a three-man committee sent to the Prairies in, it was in 1956, it was during the selling of the 1955 crop, and these three



men were from Creston investigating into the price that we could receive if we went into our own in Crescent Valley, that we could receive from the stores or wholesalers and they went down there in 1956, and they went to the different stores and wholesalers. I have got these prices, some in Edmonton, some in Calgary and Lethbridge, and different places, Red Deer and I got these prices from a man by the name of Mr. Ostranki. He was one of the three that went to the Prairies and I got these prices from him, these consumer prices. Now they may vary up or down, I can't say for sure the gospel truth. They may vary a few cents either way in each locality, but that was the price quoted to him.

THE CHAIRMAN: Do you know of any official prices for boxes of apples at consumer level?

MR. MASUCH: Well not apart from this, and what I have seen myself on the Prairies.

THE CHAIRMAN: You have not had a chance to check these against any official record?

MR. MASUCH: No, I have not, no.

THE CHAIRMAN: I wonder if any of the other Commissioners have questions with regard to the basis of the prices?



COMMISSIONER WALTON: It is the same unit, the 40-pound box of prunes? I was wondering if by any chance -- prunes are ususally sold by the pound to the consumer, and whether you were taking the 40 pounds and the retail price sold a pound at a time, or was that the price that a consumer would buy a 40-pound unit?

MR. MASUCH: The prunes are taken on a 20-pound box. Prunes are sold, prunes and cherries are sold in 20-pound boxes. That is the price of a 20-pound box.

COMMISSIONER WALTON: The plums are 40 pounds. There would be a variety then in the packaged price of 26 cents for 20-pound boxes and \$1.50 is for the same. It is not 40 pounds all the way along the line?

MR. MASUCH: No, that is 20-pound for prunes. I have here with me my 1953 finals for prunes. Incidentally, that was the last year I shipped prunes. From then on they dropped on to the ground and rotted. I had 3,325 pounds of prune plums that year. I received a cheque for \$55.65 for that amount of prunes. That gives me 1.7/10 cents per pound. That is what I received. There is the slip right from the packing shed. Well



after I received that I said no more. I will go fishing when the prunes get ripe and let them drop on the ground. Why work for nothing? I mean it doesn't even pay your picking at that rate.

THE CHAIRMAN: Are there any more questions on the basis of the price here?

COMMISSIONER DRUMMOND: Just one question. I was going to ask the same on the consumer price, the source of the price. I wondered if you had thought of trying to discover what the consumer price right here in Vancouver for these commodities might be?

MR. MASUCH: No, I wouldn't have any idea. I just came to Vancouver yesterday and I have not checked on them at all.

COMMISSIONER DRUMMOND: You haven't thought to look at the figures for the national consumer price?

MR. MASUCH: No, these were just consumer prices taken from one locality, from the Prairies.

COMMISSIONER DRUMMOND: Just because you were interested in the possibility of selling.

MR. MASUCH: Yes.

THE CHAIRMAN: I think we would be interested in having some comparable prices for



1956. Do you have them with you?

MR. MASUCH: Yes.

THE CHAIRMAN: Perhaps you would take the Macintosh grade "C" medium and give us the corresponding price for 1956.

MR. MASUCH: Macintosh fancy, Macintosh "C" medium --

THE CHAIRMAN: It doesn't matter too much, whatever is convenient.

MR. MASUCH: Macintosh fancy medium, Macintosh \$1.01, that is the net price.

THE CHAIRMAN: That would compare with 79 cents in 1955 then? Your brief indicates a price of 79 cents in 1955, is that right?

MR. MASUCH: What variety was that for?

THE CHAIRMAN: Macintosh fancy medium.



THE CHAIRMAN: \$1.01 for 1956?

MR. MASUCH: No, 79 cents for 1956.

This is a 1956 packout -- oh, just a minute, that is a 1955 crop, though. I haven't got the 1956; I have the 1953, the 1951 and the 1950.

THE CHAIRMAN: Have you any 1956 prices there?

MR. MASUCH: No, I haven't.

THE CHAIRMAN: Would it be generally a better year?

MR. MASUCH: 1956 was a better year. 1956 was one of our best years in history. For my Macs. I averaged, I believe it was, \$1.48 in 1956.

THE CHAIRMAN: How do you account for the difference between the two years?

MR. MASUCH: In 1956 there was a very short crop, there was about half a crop, I believe, and I guess there was an awful scarcity of apples. I don't know where it came, but it seemed the consumer paid about the same for them. I don't know about that, but the store prices seemed about the same. I received \$1.48 average for my Macks., and that is good money.

COMMISSIONER DRUMMOND: But you didn't have a lot to sell.



MR. MASUCH: No.

COMMISSIONER DRUMMOND: But it was
a good year to sell?

MR. MASUCH: Yes.

THE CHAIRMAN: Are there any questions
on this brief?

COMMISSIONER DRUMMOND: Mr. Masuch, in
connection with the B.C. Tree Fruits Regulations
relative to packing and grading, in your own
words you say they are absolutely unnecessary?
I wonder if you would explain this statement a
little more fully.

MR. MASUCH: I say they are unnecessary
in this way, that the Dominion Government has
set a certain standard for fruits for the consumer,
and that standard is plenty high enough for the
consumer to receive good fruit. We have
Dominion Government inspectors here and they
come in and inspect your fruit, and they open
it up and see if it comes up to the Dominion
regulations, and if it isn't they have the right
to turn it down.

COMMISSIONER DRUMMOND: On page 3 you
say that growers have received very small returns
for fruit in recent years, and you seem to
imply that this has been due to operations
of the B.C. Tree Fruits Board. What I am wondering



is whether you believe these lower returns -- that the returns would have been entirely satisfactory during this particular period if you hadn't had any such thing as a board for tree fruits in operation.

MR. MASUCH: Yes, I believe it would have been better.

COMMISSIONER DRUMMOND: Satisfactory?

MR. MASUCH: Yes.

COMMISSIONER DRUMMOND: You don't think there were any other factors apart from the operations of the Board and the B.C. fruits which would explain the situation?

MR. MASUCH: I believe that is the greatest part of it there. The increased transportation cost and so on all lend a hand in the producer receiving less and the consumer paying more, but I believe that is one of the big factors.

COMMISSIONER DRUMMOND: I understand there were several different reasons why the Royal Commission was requested and was actually set up, and that furthermore the summaries I have seen of the evidence given to that Commission seemed to indicated that in these recent years you are speaking of there was a variety of conditions, some of which no human being



has any control over, responsibility for unsatisfactory conditions. That is why I asked whether you thought, even if you didn't have the B.C. Tree Fruits in existence, things would have been okay during that time.

MR. MASUCH: Take an example. Across the line in the States we stopped and talked to some growers there. They have no board, they have free trade. Now, they are really making good. He told us he cleared \$11,500 one year. He says you hardly ever see a fruit grower who goes out to work there unless he has an acre or two there. They have no board there. They had a very hot summer and their fruit ripened too fast and grew too big, and they said they are probably going to get poor prices this year. I don't have to tell you how long I have to go back to tell you of a lean year, and every year is a lean year for us except 1956.

COMMISSIONER DRUMMOND: You emphasize the fact that in your opinion the whole marketing scheme is built upon a fundamentally wrong basis. What precisely do you mean by that? What sort of basis would you recommend?

MR. MASUCH: Well, the basis that I know of there, the one which they are doing absolutely illegally, is the pooling. I don't



think they have any right to pool at all, I don't think the Government has given them any right to pool money to the producers. If you grow good fruit, then you have to help pay for it because I am a poor grower or because I grow poor varieties. You don't know how much a variety is selling for, how much in England, how much in China. When you receive your money you receive so much per box. It is all pooled. I don't think they have that right now, I don't think the Government has granted them that right to pool as yet. I think that is being done illegally. That is my contention.

COMMISSIONER DRUMMOND: Now, your general comments are to the effect that the Board would get very much higher prices if they were allowed to sell directly. Do you think all growers would get higher prices or only some?

MR. MASUCH: I speak directly, but I don't mean every man going off by himself. The reason I put that in, direct to producer and consumer, is that the consumer could come in and buy, but it would be regulated. If everybody rushed out with their Macs. when they were in season it would destroy the market, but we should make direct sales so that both



the consumer and producer could benefit, whenever they want to do it, if they want to eliminate the middle man.

COMMISSIONER DRUMMOND: Do you think they can eliminate the middle man?

MR. MASUCH: I don't know.

COMMISSIONER DRUMMOND: Do you think they should?

MR. MASUCH: In some cases I think they should.

COMMISSIONER DRUMMOND: Do you think his functions are unnecessary?

MR. MASUCH: In some cases, yes.

COMMISSIONER DRUMMOND: On page 4 you say that the president of the Calgary Kiwanis Club received no consideration or co-operation from B.C. Tree Fruits. Just what kind of consideration and co-operation would he expect to get?

MR. MASUCH: I give you one example that he gave us. The Kiwanis sell apples for a charitable purpose, they raise the money, it is for charity. They wanted B.C. Tree Fruits, instead of labelling it with B.C. tree fruits' labels, to put Kiwanis labels on the boxes. There is a man in the packing shed labelling them as they come down the conveyor. It doesn't make any difference to him what he puts on the



boxes. He said the Kiwanis was going to supply their own labels, and B.C. said, You have your own labels; you put them on yourself. Those are the words that were used, and that is what I mean by no co-operation.

THE CHAIRMAN: It is the same kind of treatment a Calgarian gets in Edmonton.

COMMISSIONER DRUMMOND: You claim that the consumer can get his fruit at a lower price if they go and buy it directly from the



packing houses or purchasers. Does that mean that you feel that the fruit would be marked more efficiently in that way?

MR. MASUCH: Yes.

COMMISSIONER DRUMMOND: Or do you think the consumer price would be lower?

MR. MASUCH: Yes.

COMMISSIONER DRUMMOND: Is that not the system that prevailed prior to the enauration of the Board for the B.C. tree fruits?

MR. MASUCH: Well, there was no scheme at all when they started it in the 30's. I cannot remember that far back. According to what the old timers say, it was just a "free for all". I believe the growers have to be organized. There are no two ways about that, but not organized to the point where this organization has become so top heavy that you have no control or say so; that they go ahead and make regulations, and pass Orders in Council and just go ahead the way they want to.

COMMISSIONER DRUMMOND: You say in this last paragraph on page 4 "If the consumer, retailer and wholesaler were allowed to buy Dominion Government inspected fruit direct from packing houses and producer, the result would be that the consumer would purchase the fruit



at a reasonable cost, therefore consuming more fruit and our surplus problem would be solved." Now, my feeling would be that general set-up ~~was~~ pretty much what you had in the pre-board days which for some reason or other did not seem to be satisfactory or else we would not have had the Board, I presume.

MR. MASUCH: Well, like one gentleman said, in the Okanogan they had a slogan "A cent a pound on the ground". Well, that was in the thirties and according to what the old timers tell me 40 cents was pretty good in the thirties. What is 55 cents per box in 1955? If they got a cent a pound, say that is 40 cents a box in the thirties; you can imagine in 1955 when I got 55 cents per box, which was just slightly over a cent a pound with the Board -- how can you say that the Board is doing us any good?

THE CHAIRMAN: Do we gather from your brief ~~at~~ the bottom of page 5, and from what you said to Mr. Drummond, you do think there is a place for a voluntary cooperative organization. How do you say this kind of arrangement would operate to the advantage of the apple growers or the fruit growers?

MR. MASUCH: Well, in this way. When you have competition, voluntary co-ops,



growers' organizations, instead of one power controlling the whole industry you would have say three or four or five or six co-operatives. Each one would be striving to bring the most to its members. Each one would be competing and trying to bring their standards up and goodwill towards their customers and so on. Each one would be competing which would give more consumption in Vancouver. What kind of business would it be such as we have in the tree fruit industry where we have one selling agency. It would be the same thing here if we had one car dealer in Vancouver. He does exactly as he pleases. He certainly would not go out and try to sell you a car. You would have to go to him.

I think that if you had voluntary co-operatives, co-operatives working with each other, but competing against each other to promote sales and for instance this Kiwanis deal; if there were say four or five voluntary co-operatives in the fruit industry instead of one, do you think that if a man came in and wanted the fruit labelled, do you think he would be turned down? He certainly would not because if that co-operative would not do it certainly the other one would. If we had three or four co-operatives they would please everybody more instead of just taking this



attitude "Well, we are the selling agency. Either you buy from me or you don't buy at all."

COMMISSIONER DRUMMOND: Supposing you had, as you say, four or five voluntary co-operatives; do you think all fruit growers would become members of one or other of these voluntary co-ops?

MR. MASUCH: I believe so, if it worked out, yes. I don't think anybody would try and peddle their fruit or run their fruit as they do now if they could realize a fair cost of production and price. No one would bother going out on their own, that is for sure.

COMMISSIONER DRUMMOND: You do not think any fruit grower would remain a complete individualist?

MR. MASUCH: Oh, I imagine there would be, yes, some large growers.

COMMISSIONER DRUMMOND: What about your own 68 members at the moment?

MR. MASUCH: I would say they would remain in the co-ops, because they are mostly all pretty small growers. They would not have enough money to go out and buy a big truck and start on their own, so they would stay in the co-operatives, if the co-operatives could show them it was going to make them money and



keep them in operation without going into the red; otherwise there would be no point in having it if it is going to show you in the red.

There would be no point in having a co-operative if it could not stand on its own feet and show a grower return. There would be no point in that at all.

COMMISSIONER DRUMMOND: Let us take your own individual personal case. If you had your absolute choice at the present time to decide what way you could sell your fruit; would you prefer the present system, or selling to a voluntary co-op or selling entirely as a free individual?

MR. MASUCH: As far as myself goes, in our position in Creston Valley, if a person was to go out on his own as an individual you would probably make good but as for myself I like to have organization. I would like an organization. As far as myself goes I would like to belong to the voluntary co-op. That is my own opinion, instead of going out on my own.

COMMISSIONER DRUMMOND: The history apparently of voluntary co-ops seems to be, not only here, but most places, the very word "voluntary" suggests that you may or may not



volunteer to become a member.

Some people do not choose to volunteer. Consequently you do not get everybody as members of a volunteer co-operative. It might have been that those who do not choose to become such, have an opportunity to, as we say, cash in at the expense of those who do, standing under their so-called umbrella. Now what I am getting at, you see, is whether you actually believe that the groups that you know would volunteer to become members of the voluntary co-op if we had that set-up?

MR. MASUCH: Yes.

COMMISSIONER DRUMMOND: Or would they prefer to go independent?

MR. MASUCH: No, I would say they would prefer to be as an organization, as a co-op, and not independent.

THE CHAIRMAN: It is coming to half past four, the time we said we would adjourn our session this afternoon. Mr. Masuch I think you have given us your views in such a straight-forward and clear way that we understand them. I appreciate what you are saying. I do want to ask you one question just in closing. How many fruit growers do you think share your views with respect to the Marketing Boards?



MR. MASUCH: Mr. Chairman, on this point I can't answer it, because we have had no way to express our views. We have had no ballots, secret ballot, or vote if we wanted the present system. As far as I can remember back there has been no secret ballot vote or any way in which the growers could say that the majority wanted a system. There has been nothing of that kind.

THE CHAIRMAN: There was no vote at the time the organization was set up?

MR. MASUCH: At the time the organization was set up I believe there was a vote, yes.

THE CHAIRMAN: But there has been none since?

MR. MASUCH: There has been none since to my knowledge, ever since I can remember.

THE CHAIRMAN: Is there any provision in the legislation for a vote of this kind?

MR. MASUCH: That I couldn't say. I don't know.

COMMISSIONER WALTON: The Order-in-Council here has to be renewed I understand?

MR. MASUCH: Yes, that is right.

COMMISSIONER DRUMMOND: What is the name of the new organization you referred to



earlier?

MR. MASUCH: Canadian Fruit Growers
Association Western Division.

COMMISSIONER DRUMMOND: What area
does it represent?

MR. MASUCH: It represents the same
area as the British Columbia Fruit Board, which
is the Okanagan and the Kootenay areas.

COMMISSIONER DRUMMOND: The people
who feel as you do regard it as worthy?

MR. MASUCH: Yes. I have with me
here, I would like to present as an exhibit
our solicitor's brief when we had this case in
the courts. He presented and made a brief on
behalf of the East Kootenay Dairy Co-operative
Association and he submitted it to Dean McFee.
That is sitting here and I would like to
present that as an exhibit.

EXHIBIT NO. 5A: Brief presented
on behalf of the
East Kootenay
Dairy Co-operative
Association.

MR. MASUCH: I also have another exhibit
that I would like to present, and that is the
present British Columbia Fruit Board Regulations
as of August 22nd, 1957.



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E. Masuch

EXHIBIT NO. 5-B: Regulations of
the British Columbia
Fruit Board.

MR. MASUCH: I have another exhibit
here I would like to present --

THE CHAIRMAN: How many have you got.
I might run out of the alphabet?

MR. MASUCH: I haven't got that many.
This exhibit is a three-party contract, that
is between the shipper, grower and British
Columbia Fruit Board. This is a contract which
comes out, I believe it is about every three
years, which incidentally you can't find out,
at least I can't exactly how many growers are
signed up to this contract. I never signed
this contract yet since I have been growing
fruit, because I feel anybody in their right
mind would not sign a contract with them. As
our solicitor put it, he has never seen such
a one-sided contract. That is what he said
about the contract.

EXHIBIT NO. 5-C: Three-party
Contract.

MR. MASUCH: I also have here, as you
were asking about this new association, I have
their adopted principles and aims as of April 8th,
1958, and here is their platform and I have their



agenda for the meeting, and also the growers with acreages, and so on, here in the whole fruit growing industry in British Columbia which might be some help to you and principle No. 2 was revised and amended, and it is on this sheet here on the back, principle No. 2, so their whole platform is on this page. There are 16 points which they have as their platform.

EXHIBIT NO. 5-D: Principles and
aims of Canadian
Fruit Growers
Association Western
Division.

THE CHAIRMAN: Is there anything else you would like to say?

MR. MASUCH: That is about all I have to say Mr. Chairman.

THE CHAIRMAN: Thank you very much for your presentation. We know you came in a long distance last night at your own expense to present this brief to us and we appreciate that very much.

COMMISSIONER MacKICHAN: Have you any cold storage facilities in Creston?

MR. MASUCH: Yes, we have. We have four packing sheds in Creston, four cold storages. We have enough cold storage to



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E. Masuch

hold the fruit which we produce.

COMMISSIONER MacKICHAN: Thank you.

--- The hearing concluded at 4.40 p.m.
to resume the following day, Thursday, April 10,
1958 at 10 a.m.

Harvey Walton



ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT

VANCOUVER, B.C.

VOLUME No. 1, 1958 *Price Spreads of Food Products* DATE:

2

APR 10 1958

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ROYAL COMMISSION ON PRICE SPREADS
OF FOOD PRODUCTS

Proceedings before the Royal Com-
mission on Price Spreads of Food
Products, resuming at 10 a.m. on
Thursday, April 10th, 1958 at
Vancouver, B.C., et seq.

CHAIRMAN:

Dr. Andrew Stewart

COMMISSIONERS:

Mrs. Dorothy Walton
Mr. J. Howard MacKichan
Mr. Romeo Martin
Mr. W. Malcolm Drummond
Mr. Cleve Kidd
Mr. Bernard Couvrette

Secretary - John Dawson

Assistant-Secretary - A. A. Caron



APPEARANCES:

Page

Indpendent Milk Producers
Co-operative Assocaition
Mr. Basil Gardom

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Canadian Association of Consumers
Mrs. Mills

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EXHIBITS:

6 Brief presented on behalf of the
Indpendent Milk Producers
Association

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7 Brief of the Canadian Association
of Consumers

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THE CHAIRMAN: Come to order, please.

We will now hear the brief on behalf of the
Independent Milk Producers' Co-operative
Association to be presented by Mr. Basil Gardom.
Mr. Gardom, will you come forward please?

This will be Exhibit 6.

EXHIBIT NO. 6: Brief presented
on behalf of the
Independent Milk
Producers Co-
operative Association.

INDEPENDENT MILK PRODUCERS' CO-OPERATIVE
ASSOCIATION

President: Mr. Basil Gardom.

THE CHAIRMAN: Mr. Gardom, would you
care to sit down?

MR. GARDOM: Thank you. Dr. Stewart,
Mrs. Walton and gentlemen: In reading my brief
as I come to certain paragraphs I will give you
a number of an exhibit that I propose to leave
with the Commission. For instance, on the
second page here I am going to number -- all
you need to put is just a pencilled number along-
side of your paragraph as I read it.

THE CHAIRMAN: Mr. Gardom, before you
read your brief, would you tell us about your
organization, the Independent Milk Producers'
Co-operative Association, and your relationships



with it?

MR. GARDOM: We were organized, Mr. Chairman, in 1930. I have a copy of the Articles of our organization which I will leave as an exhibit, and I have been president of that organization from that date to this.

THE CHAIRMAN: How many members have you got in the organization?

MR. GARDOM: All we have got now is 280 a mere -- As you will see -- I think you probably have already read my brief because it was in Ottawa since March 10. You will see that we refused to pool and that we stopped buying and selling milk.

In the years that we operated, as you will see when you read my brief, we paid the highest prices to the producers of any one in this territory for those 22 years; and if you wish to have all the past balance sheets and annual reports I will be very pleased to let you have them.

THE CHAIRMAN: In what sense is the organization still in existence then?

MR. GARDOM: Yes, it is still in existence. We are in good standing. We do not owe anybody a cent, and there are shareholders' dollars in a trust account in the Bank of Nova Scotia.



All they have to do is to buy a dollar share to be a member of our organization.

We had far more when we first started. For instance, in the first two years that we operated, we averaged over half a million dollars a year.

THE CHAIRMAN: Who are the officers?

MR. GARDOM: That is, in turning the net price to the producers, over half a million dollars a year.

THE CHAIRMAN: Who are the present officers?

MR. GARDOM: The present officers are McDermid, Higginson -- Mrs. McDermid is the vice-president and then the directors are Higginson, Sullivan and Sikora -- I will give you a little memorandum covering all that.

THE CHAIRMAN: This brief is prepared and presented with the approval of the directors.

MR. GARDOM: Well, all our briefs have been presented with the approval of the directors, Mr. Chairman. I would say that in the past on the different commissions which we have been before, all our evidence has been under oath. I have been under oath in every instance except this one.

THE CHAIRMAN: We just wish to establish



the identity of the organization.

MR. GARDOM: I was prepared to be sworn in what I said.

THE CHAIRMAN: Proceed to read your brief, please.

MR. GARDOM: Yes. Economists agree that "the wealth of men consists in the abundance of commodities".

We produce in order that we may consume, so we are all producers and consumers in a partnership which should promote goodwill.

As sellers we are interested in dearness, scarcity. But as buyers we are interested in cheapness, abundance. But we cannot argue for one of these interests without deciding what is best for every one of us, in fact, for all mankind.

We all have a certain amount of money; large, or a mere pittance, on shelter, food, clothing, recreation, equipment, etcetera, and in open markets where prices are rightly determined by supply, demand, quality and service the savings on any products could be payments on varied production and the labour it entailed in freedom of effort and enterprise.

For your consideration, across Canada, voluminous briefs will be presented by organized



or representative bodies and the delegations who wait upon you will be very numerous. You will doubtless bear in mind that the vast majority of our people are inarticulate and are those who are attending to their own particular work, in some instances, just to keep body and soul together whilst those in greater endeavour are making a frantic effort to meet the ever-increasing overhead without asking for relief, political preference, or some Utopian panacea.

Compulsory Collectivism: Producer pressure groups have influenced our politicians of all parties to attempt to legalize the fallacy of artificial prices and the closure of trade channels, as promoted by the ever-increasing vast army of bureaucrats who, in Boards and pools, by compulsion, hold the products, shipped on consignment, and producer monies, whilst they operate and propagandize at producer and consumer expense. This is the reason for the creation of huge surpluses with their shrinkage and the inability of the producer to obtain his money when he needs it. In Canada, a one pound loaf of bread in August, 1939, was 9.0 cents, and in August, 1957, it was 16.7 cents, with some 1,000 bushels of wheat, oats, barley and rye on the Prairies with storage, insurance, shrinkage,



administrating, and bureaucratic charges. With open markets, these surpluses would disappear.

I want to refer here to the humble potato. You heard something about it yesterday, and how well all these Boards are functioning.

For the past few months my wife has been buying very good Netted Gems at five pounds for 49 cents. I think that figures out to \$196 a ton. I doubt if you will find any of the farmers that receive \$100 a ton for those potatoes.

No. 2 proposal -- I have got an exhibit here marked No. 2 proposal -- if you will put a pencilled mark there.

Proposals: It is taken for granted that before entering upon any enterprise we should decide whether the general principles of the proposal are good, bad or indifferent because they are the foundation for future accomplishment. If we build surely from sound foundation we may expect some measure of success and a structure which will endure. In primary production, if we set out with the intention of cornering the food products, or base metal markets we must be prepared to take the consequent risk and pay the price. A maze of figures, from Canada's experience, over a period of years could be presented to



prove the fallacy of such ventures just in the same manner as the professional promoters of compulsory bureaucracy or legalized monopoly will present a maze of figures to your Commission to try to impress upon you that the production and distribution of primary industries should be, what they term "controlled" -- by themselves -- under delegation of Governmental authority.

I want to point out here to the Board of Commissioners that the farmer does not sell any of his products. He does not sell his potatoes, does not sell his fruit, he does not sell his milk. It is all shipped on consignment. He doesn't know what he is going to get for it, and he has to trust on getting a proper return for anything that he sends in, and particularly in the milk industry. People who call themselves distributors are only agents of the farmers. They get the milk delivered at their receiving platforms freight paid, and they have accepted from the farmers not less than \$600,000 worth of milk before they pay them a cent. Then they pay them for, that is for 20 days which is the earliest payment, and then they pay them for 15 days after they have collected from the consumer every day.



Control: Should Government control the production and distribution of natural products? Let us analyse the meaning of these words as they apply to primary industries in general and to agriculture in particular.

Principle: The principle is that men engaged in private enterprise, either as individuals or in groups, shall be compelled to relinquish the fruits of their labour for distribution under Government decree and they shall accept a settling rate from a general pool of monies from a board who control products and receipts. I submit that this principle is evil and that Canadians should not forfeit their freedom to produce and to trade.

Natural products are new wealth recovered from the sea, forest, the surface of the ground and from below the ground and these products supply all necessities of life.

You will have to excuse me, Dr. Stewart. You people are well aware of these things that I am reading now in my brief, but since it is here I will read it.

The natural resources of British Columbia can only be lifted by capital and labour -- we should focus our attention upon this effort -- then more new wealth will be created to support



the secondary services, which are manufacturing, distribution, the professions and Governments. Please remember that in our province the source of our wealth for Government expense and the only new wealth obtainable is from our natural resources. Those recovering this wealth are over-loaded with secondary services, for this reason, attention should be concentrated upon increasing primary production with all available capital and labour and no obstacles in the way of restriction should be placed in the way of lifting this real wealth and no unnecessary obstructions should be placed in trade channels to prevent distribution of this wealth in our free country.

I might say here that when I make that remark there I will refer just for a moment to the milk again. In Mr. Justice Clyne's Commission, it was definitely proven, you have probably got copies, I will leave them here anyhow, it was definitely proven that Vancouver had 50 per cent more plant and equipment than was required for the size of this city. In other words, there was sometimes five trucks on one street when two trucks could have taken care of it, and that money was all taken away from the farmers. Men started with one truck,



men who had been a bread delivery man and who had a good clientele, he would start with one truck and he would have this milk on credit, and go to the bank and show what he had sold it for and he could borrow money and keep on increasing his equipment and plant.

I know of three cases, individual cases, two supplied bread from door to door and the third one was a shoe salesman in the Hudson's Bay Company, and those men built up large dairies with fleets of trucks and small fortunes. I contend that they made that additional money, they were entitled to a profit, through holding the farmer's product and using his credit.

Fallacies Common: Would you please put a number 3 on the side of that paragraph? I will put it in as an Exhibit.

During the depression, promotion of fallacies and cure-alls followed one another in quick succession, only to disappear under the acid test of analysis, and finally it is considered that the Federal Government and Provincial Legislatures, by delegation of their authority, should control production and distribution. This frame of mine is arrived at by too much theory and too little experience in practise.



The next paragraph please put a number 4 along the side of it.

Promotion of the theory of compulsory marketing has been proceeding in B.C. since 1928, with steady degradation of the agricultural industry in all its branches, causing actual financial loss to the men on the land running into millions of dollars and keeping capital for by-product factories out of the province.

I might say here that the vice-president of Krafts concern came to me once and offered to put up a large factory any place we desired in the Valley to take care of what they called surplus milk. That was milk that was not able to get on their city market. The milk was all cornered, he couldn't get any place, and it was also Carnation and several others tried to come in and couldn't do so.

Legislation to put this theory into practise has been defeated time and again and only the promoters of the theory have profited. Since 1928 two clubs have been continually held over the producer -- either relinquish your product and monies to be controlled on your behalf or we will drive you out of business. This threat was made to producers right in the committee rooms of the B.C. Legislature. As a



means to this end, sabotage and intimidation were used. They were used in all the different -- sabotage and intimidation, in all the different set-ups for the fruit men, for the potato men, and for the milk men.

These fallacies were first brought to British Columbia and to our Prairies at great expense to Saskatchewan, by Aaron Sapiro who was later utterly discredited by Clarence Darrow in Chicago who exposed the promotion of pools of many products from East to West in the U.S.A. by Aaron Sapiro and which all eventually went bankrupt, benefitting only this false prophet.

This was followed by a conducted tour of 48 students from Toronto, Montreal and Hamilton as guests, with all expenses paid by the Italian Government; all as recorded by S. Alfred Jones, K.C., L.L.B, with his thanks to Professor Harold E. Good of the British Institute at Florence, and Sir Oswald Moseley. This group of young Canadians eulogized Signor Mussolini and his Minister of the Interior, His Excellency A.C. Sturace, and had agriculture "all figured out for Canada" with the Italian Confederation of Farmers and corporate control. In trying to put this into practice our then B.C. Minister of Agriculture often stated "I wish I was Mussolini",



little realizing what would be the ignominious end of these leading Italians, as pictured in Life Magazine, including the unfortunate woman who offered to give her life in place of Mussolini's.

We have this totalitarian collectivism in Canada now, especially in this province recently boasting of "a new era in British Columbia's economy".

I am going to put in Exhibit 6 with the next paragraph.

Our first step in the right direction is to get rid of the army of bureaucrats who farm the farmers, and then enforce honesty in distribution; a wholesaler under Dominion licence was supposed to charge \$25 brokerage fee for directing to a retailer a carload of graded potatoes. I have seen \$14 per ton added to the wholesale price and only \$9 per ton returned to the Cherry Creek farmer, instead of \$23 per ton; he had shipped graded and on consignment. I have old records of scores of railway car numbers traced to points in Canada and the U.S.A. by dishonest practice when a Marketing Board was operating; wholesale swindling has been greatly responsible for price spreads.

I want to say here, Mr. Chairman, that



you are going to, before long you will be in very much deeper water, and that is when you come to assess what the wholesalers had been doing in this city.

Meaning of Control: What does Government Control mean?

Let it be plainly understood that the meaning of these words is compulsory pooling of products and monies by boards appointed by Order-in-Council, just as prescribed by all the marketing "schemes" for primary products.

This word "control" so used spells compulsory restriction and artificial price -- which places a premium upon scarcity -- and will never provide abundance -- abundance can only be supplied by encouraging and increasing primary industry, which will provide the greatest good for the greatest number.

Experiments in Canada have shown that those who gave up their birthright of freedom for promise of profit, did not receive the profit and that they sacrificed their principles in vain. Results of this theory in practise have disclosed that there was a continued economic loss. Net income of B.C. farmers in 1956 was only 80 per cent of that in 1954, much lower than any province in Canada (Canadian



Bureau of Statistics, 1957). I want to say here there was only one other province in Canada where it was lower. All the others were increased. I think that was Nova Scotia. I have that.

To quote examples:

In February, 1930, at a Board of Trade luncheon in Vancouver, the guest of honour, the President of the Manitoba Wheat Pool, was clapped to the echo when he stated that he had refused \$1.50 per bushel for Canada No. 1 Northern and that not a bushel of this wheat would be sold for less than \$2 per bushel. Result of this control was loss of the British trade in wheat that year -- loss to Canada of hundreds of millions of dollars -- and wheat sold at the end of the year at from 38 cents to 53 cents per bushel instead of \$1.50 per bushel, refused by this orator.

I would like to point out here, Mr. Chairman, how dangerous it is to face the responsibility of selling for a great multitude of people in one hand like this president of this Manitoba Wheat Pool. In our investigation, from the investigations I made, I found, for instance in fruit, that there were many sidelines, after this Fruit Board went into operation that



never got a carload of fruit on the Prairies.

For a second illustration, and to get nearer home under the control regime: You had a very good picture painted yesterday of these Boards and especially of the Potato Board that the largest grower had started this Board, the largest grower. He was the largest grower and he was the Chairman of that Board, and I saw men in a small way who went broke, and he couldn't sell a sack of their potatoes, but he sold 175 tons from his own farm to the General Hospital in Vancouver.

In 1936 local potato growers received \$60,000 at the rate of 60 cents per sack whilst Vancouver consumers paid \$2 per sack and upwards. To maintain this artificial price carloads of potatoes were given away in Edmonton and Winnipeg and hundreds of tons of unused potatoes went to waste in warehouses. Neither consumers nor farmers profited, but scarcity was created by this compulsory control.

I might say here, Mr. Chairman, I have a list of these cars, car numbers and where they went that I can leave here as an exhibit.

Twelve provincial constables, with motorcycles, guarded the bridge head approached to Vancouver to enforce a fixed price for potatoes



and to prevent quantity coming to market. The Boards have no jurisdiction over quality, for the Dominion Government inspectors quite properly ensure quality, for disposition at home and abroad by recognized grades. Farmers were fined or sent to jail for selling their graded potatoes.

I want to make that quite plain, Mr. Chairman. The jurisdiction of a quality, whether it is a Potato Board or anything else, or a Tree Fruit Board, rests entirely with the Dominion Government as it properly should. If the Dominion Government inspector says, Canada No. 1 Netted Gems, a man can telegraph to Winnipeg, or anywhere outside of the country and say that he will sell these No. 1 netted Gems at a certain price. These Boards do not do that. They haven't the authority to do it.

Before me is an official result of an old plebiscite sent out by the B.C. Coast Vegetable Marketing Board. There are some 6,000 farmers and market gardeners in the area referred to but only 2,100 "growers" who had signed for the "scheme" were registered and licensed as voters and to them were sent the questionnaires; 400 only of these 2,100 returned



their ballots to the Board; 272 voted "Yes" that they desired the Board with various qualifications; 117 voted "No", and there were 11 spoiled ballots. I would like you to mark that number 8 if you would.

The Board considered that this plebiscite gave them the required majority and when those farmers who were not registered tried to sell their graded vegetables they were prosecuted and convicted.

This will be number 9, please. I have record of another 1957 plebiscite of "licensed growers" by the Interior Vegetable Marketing Board, with results much the same as quoted above. These Boards have raised the humble potato into the luxury class; they have degraded the farmers; greatly reduced their output, and consumers have paid exorbitantly for this degradation.

As I said in the beginning, Mr. Chairman, the first Board I was on was in 1929, and the Chairman of the Board was dishonest. I haven't talked with so very many boards since that time, but any boards I did deal with, they were dishonest. If you wish me to qualify that statement I will do so, I will explain the circumstances.



In rotation of crops every farmer knows that it is necessary to grow potatoes, grade them for the commercial market, if price is sufficient, or feed them on the farm; and in the three year periods the average price had been profitable without the artificial price regulation by a Board, costing from \$14 to \$16 per ton or which even forbids registered growers to market their vegetables ... please see records of onion and tomato crops rotting on the ground, to say nothing of potatoes which were "dumped"; the same has happened with apples.

We hear no more of Ashcroft dry, including spuds grown on irrigated soil, Pemberton Meadows, Chilliwack Highland, and other quality brands, always in the past, and today graded by Dominion Inspectors and not by price boards.

When I say graded there, I mean graded as to quality and quantity. I don't mean that a farmer couldn't send his whole crop if he wished to into one of these Boards, and they would grade them and then send the inspectors in to see if they had graded them properly.

Before the advent of the Boards, British Columbia was a heavy exporter of potatoes, intra-provincial and U.S.A., of Canada No. 1 commercial and Canada No. 1 certified, with



practically no imports excepting early vegetables from Southern California, and now including Mexico. In 1929 I shipped out 80 tons of Canada Extra No. 1 certified. They call them now Canada No. 1 certified. I know what I am talking about, it was on my own farm.

Now potatoes are annually imported from Alberta and large tonnage from the U.S.A.; also carloads of swede turnips from Manitoba. We have had to put on a small seasonal tariff on potatoes with retaliation from the U.S.A. who have reduced our export quota by, I think, a third-- I think you will know that reduction, Mr. Chairman-- which is one million bushels reduction per year. I think that was in Nova Scotia. You will know that possibly better than I do.

For compulsory "schemes" a plebiscite has never been taken to include all farmers, and consumers have not been consulted when providing the money for food products, which is definitely an indirect tax. In 1957, British Columbia importation of potatoes was 25,000 tons. In August, 1957, our consumers paid 4.9 cents per pound for them, and in August, 1939, 1.7 cents per pound.

The Rowell-Sirois Commission: My
old brief, to the Rowell-Sirois Commission in



1938, entirely opposing all compulsory marketing
"schemes" was endorsed by:

95% of the apple growers of the Kamloops
District, representing 97% of the apple
orchards of the said district;
Vancouver Island Co-operative Fruit Exchange;
Keating Co-op Fruit Exchange;
Central Fruit Distributors Ltd;
Fraser Valley Growers Ltd.;
Federated Coast Growers' Association;
Fraser Valley Rhubarb Co-operative Association;
Belgian Orchard Syndicate;
Coldstream Ranch, Vernon;
Land and Agricultural Co. of Canada;
L & A Ranch, Vernon, B.C.
Individual names from the Okanagan;
Western Canada Live Stock Union;
The B.C. Beef Cattle Growers' Association;
Western Stock Growers' Association;
The Douglas Lake Cattle Co.;
North and South Saanich Sheep Breeders' Association;
Individual Farmers;
H. R. MacMillan Export Co. Ltd.;
British Columbia Packers Ltd.;
Independent Milk Producers' Co-operative
Association;
22,500 letters from Vancouver householders
sent to the Hon.T.D. Pattulo by registered
mail.

If time had permitted many other en-
dorsements could have been obtained. That is 10,
that should be marked 10 there, and the next
one is 11.

Mr. W.E. Haskins appeared before this
Rowell-Sirois Commission on behalf of Compulsory
marketing schemes and he got short shrift from
the late Chief Justice Rowell and Mr. Dafoe who
told him that his proposal was the making of
each province into a water-tight compartment;



I opposed him with voluntary co-operation, with the opening of all the channels of trade, and Chief Justice Rowell said my brief "was powerfully endorsed", and my submission that compulsory marketing was bad and uneconomic was not questioned. We now have the water-tight compartments, with one box of apples for two bushels of wheat in Saskatchewan and two boxes of apples for one bushel of wheat in British Columbia.

Price of Propaganda: I did learn from the Department of Justice, Ottawa -- that is the Deputy Minister; I spent an hour with him and he was very much against this compulsory marketing -- that the former Government provided from the public purse \$100,000 for the purpose of educating the farmer in Saskatchewan to accept compulsory "control", also that Mr. W.A. Fraser in the House of Commons, Ottawa, said "Glib tongued propagandists who were never able to conduct a business of their own at a profit tried to tell farmers how to market their products. In Western Canada Government money was used for such propaganda. I want to know what superman devised this way of spending \$500,000 of the taxpayers' money."

Locally, evidence was given that the paper Producer-Consumer received a weekly subsidy



from monies collected by compulsion, also that subscriptions to the paper "Country Life" had been deducted from pooled monies of all growers, including Japanese and Chinese. On the Prairies, "The Western Producer" was subsidized from farmers' pooled funds to the extent of \$156,000. Other papers could declare their indirect receipts for propagandizing compulsory bureaucracy.

Yesterday you were told that 18,000 farmers out of 25,000 belonged to this Federation of Farmers. Now, the last witness that gave evidence here yesterday, I asked him afterwards "Do you belong to that Federation?" "No", he said. Well, he does, but he does not know it. I will gamble there is not one in 500 know that they belong to that Federation of Farmers.

Less Interference Needed: We have a Federal Government, 10 Provincial Legislatures and 4,000 Municipal Government, to say nothing of Boards, for a population of about 16 million people. Governments never create wealth -- they spend it, often in wise direction and sometimes unwisely. What we require is better business in Government and less interference by Government in business. Please allow me to submit that the function of a Government is to act as an umpire in business enterprise, to enforce grading and marking of all products --



they have always done that anyway -- as to quality and quantity, as prescribed by numerous Dominion and Provincial Statutes, and by civic by-laws to curb dishonesty and prevent monopoly (in which they have not been successful), also to enforce truthful advertising and this is the only lawful and proper regulation for the protection of the consumer, and for the advancement of producer and distributor. The theory of this new Government "control" is creation of artificial prices -- I am afraid I have repeated myself several times here, Mr. Chairman...

Will you make allowances for that? ... whereas the only true factors which naturally determine the price of any commodity are supply, demand, quality, service and goodwill. Quality and service are already enforceable by qualified officials under existing Canadian Statutes built upon the foundation of wisdom and experience, gained in practise over a long period of time. As water finds its own level, so competition is the only natural stabilizer of price, the life of trade, and the balance wheel of industry.

Fluid Milk Market: Since February, 1935, our Independent Milk Producers' Co-operative Association returned a total of \$4,898,794 net to members, each year at a higher net price per



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pound butter fat and per hundredweight of milk than any other organization, or distributor. On October 31, 1956, we refused to pool and equalize, as per the new Milk Board order -- They have had very many many orders, that Milk Board and they call this "No. 1" order, which I will put in as an exhibit. ... and we then discontinued selling milk.

In the first year, ending January 31, 1936, we returned to members half a million dollars; it averaged half a million dollars for the first two years. The first year was a little under half a million dollars, and the second year was over half a million dollars.

We were consistently attacked in the Courts by the Milk Boards, and we were successful in preventing them from forcing us into a pool with equalization of monies, but we lost several distributor outlets because we would not compromise on dishonesty.

In 1946, in Ottawa, I was told by the Wartime Prices and Trade Board that we must have a provincial Milk Marketing Board.

I was down there to see the Board to ask them to keep on a subsidy that they had which they paid through the distributors, a subsidy of 2 cents a quart, and it was supposed to and



Mr. Navaho, who represented the Dairy Branch said to me "If you will promise to come back and stay on the Board we will keep on that subsidy until Fall." I said "No use me promising." I said "All I can do is come back and do what I can in doing that."

That understanding was to be only for the fluid milk; for the fluid milk market, not the manufactured product.

You heard yesterday about the Board setting prices on manufactured products. You all know perfectly well that is outside the scope of any board. It is local milk here. It is world prices that determines the prices for the manufacturing products.

I discussed this with the Hon. Premier, John Hart, with the result that I was instrumental in bringing Mr. E.C. Carr from Regina to B.C. to be the one-man Milk Board to regulate the fluid milk market, and before he was appointed he definitely promised that there would never be a fluid milk pool and equalization of monies.

Mr. Carr requested a salary of \$5,000 per annum, with some permanence in office; which was quite reasonable. He wanted five years in office. I discussed this with the Honourable John Hart who, by Order-in-Council



In July 1946, this is No. 17 here. appointed Mr. Carr as a one-man Milk Board at \$6,000 per annum for a term of 10 years.

Now, that last line is not quite correct. He appointed him at \$6,000 per annum and Mr. Carr told me afterwards it was for 10 years. That was not in the Order-in-Council.

Our contention was at the time of the Clyne Commission there was less than 6,000 altogether -- not in my organization, but independents as well as my organization -- There were less than 6,000. They held 52 per cent of this fluid market. I will tell you why they held it. They held it because their farms had all been graded "A" or "C" and they had accepted for six years the regulations of the Metropolitan Health Board in Vancouver as to the quality of the milk that arrived there.

In other words, there was inspection at origin and destination. The large concern who wanted pooling had never accepted either of those things. They did not accept the Government going on their farms and grading them and they did not accept for six years when they were asked to by the Metropolitan Health Board -- they did not accept that at this end; but by the pooling, if they could pool





them altogether, they would get some of the money that was going to the other fellow.

My contention, Mr. Chairman, is this: That I don't care whether it is fruit, vegetables or whatever line it is, that the best man should win; not necessarily the man who spends the most money.

For instance, when we formed our association, as I told you before, we allowed Grade "B" to come in on exactly the same prices as a few of us who had Grade "A" farms, exactly the same price. It has never made any difference right to this day.

Our contention was that our members had earned their position on the fluid market by grade for strict observance of regulations on the farm and complying with regulations at destination under inspection by the Vancouver Metropolitan Health Board. Other independents accepted these regulations, but the large F.V.M.P.A. never did; they were a law unto themselves, always striving for equalization of monies and monopoly, 100 per cent control.

We attended all Milk Board hearings, and presented the Warren-Misner and Professor Hare formulae for cost of production. The Board, during this period, used no recognized



formula to arrive at producer costs.

I put in that Warren-Misner-Hare formula years ago to the Milk Board here. If you will mark that 19, I will give you the exhibit showing that.

Mr. Carr, who had done good work for the Wartime Prices and Trade Board, was an ex-distributor; was in close touch with and listened to the Coast distributors and never attended meetings of producers until the sitting of the Royal Commission of Inquiry in 1955 to 1956.

That was ten years after he was appointed. I might say here that the farmers were very upset the last meeting that I called which was in Abbotsford Legion Hall. We had 1,000 farmers there. I invited as platform guests the Minister of Agriculture, the Milk Board and the directors of the concern that wanted the pooling equalization. Not one of them attended that meeting.

I only remember one meeting in all the years I have been in this business that there was a larger attendance than there was at that meeting. There might have been a little larger at one meeting which was at Chilliwack, but there were 1,000 farmers there.

They were very much exercised over



the money that had been taken away from them and given to distributors, as you will see as we get along a little further in the brief.

In 1950, without a public hearing, by Board Order, some \$225,000 was improperly taken from producers and given to distributors in the Vancouver area. This resulted in a production drop of over 20 million pounds of milk in a year in this area by the wholesale slaughter of dairy cows, which reduced the dairy cow population in B.C. by 16,876 head in one year. Please compare this with 1,343 cattle, all ages and breeds, which were destroyed to rid Saskatchewan of foot and mouth disease.

While we are at this stage of cattle being killed; there was a suggestion made to your Commission yesterday that the Dominion grades of beef should be changed.

I think possibly that the gentleman who was addressing you had in mind the selling of dairy cattle for beef in Vancouver. They are sold for beef. I am an old dairy man. I had all kinds of them. I know perfectly well they are never the same as beef cattle that come on to the market and that these grades should be carefully preserved in Dominion grades.



On September 3, 1954, the British Columbia Royal Commission on Milk was appointed under the "Public Inquiries Act", with the then Mr. Justice J.V. Clyne as Commissioner, and he appointed Mr. T.C. Norris, Q.C., as Commission Counsel.

On behalf of our Association, I attended the sessions of this Inquiry; made submissions under oath with many exhibits; examined and cross-examined witnesses, all as recorded in the 70 books of transcript, and on the 17th day of October, 1955, the Commissioner made his report to His Honour the Lieutenant-Governor of the Province of British Columbia.

Commission Sessions: From the commencement, I felt that the objective of Mr. Norris was a general pool and equalization, but was convinced that Mr. Justice Clyne would not recommend it because when he was legal counsel for our Association, he advised me to oppose such an Order, stating "this is the worst kind of socialism".

Number 23 now. Ex Dean F.M. Clement was a paid witness to speak for a pool and equalization, as per his Commission Report in 1929, which was tried and failed utterly by decision of the Privy Council in our favour. Mr. Chairman,



you probably have the record of that, the Crystal Dairy Case, have you that in your notes?

THE CHAIRMAN: I can get it.

MR. GARDOM: He was also discredited before the Judge Harper Commission, that is Dean F.M. Clement, ex Dean F.M. Clement.

Dr. Leland Spencer, the other paid witness, from Cornell University, has always been a professor of marketing, representing distributors and processors of milk, and was brought to the attention of the Royal Commission by a copy of his lecture on September 13, 1954: "The Pricing and Distribution of Milk", delivered in Ottawa to the National Dairy Council of Canada, which organization is composed entirely of distributors and processors of milk, from which producers have been barred as members for the past 12 years.

Next please mark 25. Under my cross-examination, Dr. Spencer well remembered the racketeering in milk in Chicago and that their milk strike was the worst in Chicago's history when stores were bombed and burned, trucks dumped, and some of the dealers were riding in bullet-proof cars. His evidence disclosed that he was fully conversant with the U.S. Federal investigation in 1938 in Chicago, which resulted



in the indictment of nearly all the dealers in milk and the intelligentsia who briefed and supported them.

Dr. Leland Spencer could recollect the **names** I mentioned of those involved because, as one of the intelligentsia supporting certain dealers, he was indicted, prosecuted and my instructions were that he was also convicted, with suspended sentence.

I submit that the evidence of these paid witnesses should have been discarded and not featured by the Commissioner in his Report. There was evidence of distributor dishonesty and bribery.

Distributors showing only one-tenth per cent less butter fat than accurate test means nipping 7 cents per hundredweight from the price of 4 per cent milk.

Most I have seen below the accurate B.F. test is half a pound per cent which would be 35 cents per hundredweight of milk, loss to the producer.

The most I have ever claimed and got paid for from one dairy was over 300 pounds of butterfat in one-half monthly period -- because we had the proof of adding skim milk to composites. Dairies, up to the present,



have paid only on their own test and weight, and the Board's published prices are based on vendor's reports.

At the time of this Commission, referring to Mr. Justice Clyne's Commission, the difference in Vancouver was that the Dairy paid for 3.5 per cent milk \$3.08 per hundredweight less for the surplus than for what they claim they sold on the fluid market -- they paid nothing for the skim milk, which they stated went down the sewer.

I would say here that one of the distributors for the Clyne Commission said that he had sold \$95,000 worth of milk pound made from his milk. Well I naturally said to him you paid nothing for that skim milk. Oh yes I did he said. I said Yes, you paid only for the butter fat in it, which is 56 cents a pound. That was the amount that he actually paid, 56 cents a pound.

In the past I have seen a large tonnage of milk shown as made into butter and producers were paid only that price for it. This dairy had a large churn in which our inspector placed a large piece of tallow. It remained there throughout this surplus period, proving that the churn had not been turned.



More recently a large dairy paid us for surplus for one only farmer -- \$362.66 less than it should have paid. A provincial inspector traced this farmer's cans of milk from the delivery truck to the tank from which milk was bottled for the fluid market. I issued a Supreme Court Writ and my claim for \$362.66 was paid without the case going to trial.

The Metropolitan Health Board and Provincial officials are rightly doing an excellent job in keeping below quality milk off the fluid market; however, dairies on their own authority have paid the low below quality price and afterwards bottled it for sale in the high fluid market.

I mean when I say that there were instances when they did it. I don't say that everyone did it, although the Clyne Report showed that there were only three licensed dairies in Vancouver out of the whole lot who were honestly paying the farmer price. That is stated in the Clyne Report which you have a copy of. You can have mine anyway.

The addition of water to milk is a very old deception, and the highest sample taken by a Provincial Inspector in recent years showed that 39 per cent water had been added. In



collusion with a distributor a family of large dairy farmers, operating separate famrs, for approximately two years added large quantities of water daily to their milk supply for which they received separately as high as \$200 per month. This distributor required low testing milk.

Will you mark 27 please alongside that.

The Commissioner's Report: The Commissioner rightly emphasized farm conditions, and those described as "filthy" were not operated by Independents, but he dealt briefly with the continuing gross dishonesty and bribery; when I was disclosing malpractice, he said he was chiefly interested in a solution of the present impasse, and I stopped further exploration to meet his wishes. He did say: "The cost of these unwholesome competitive prices was passed back to the farmer".

His Report stated: "Average plant capacity of all distributors being utilized at the present time is only 50 per cent", all seeking a greater volume of sales. Since all milk is received, freight paid, on consignment, on 25 days producer credit (\$600,000) -- it is more than that now, Mr. Commissioner, --



whilst the consumers pay cash daily; supplying and maintaining the other 50 per cent plant capacity must have been at producer and consumer expense.

You see at the end of that time, at the producer price savings figure through \$600,000, \$450,000 would be passed back to the producer themselves by keeping that addition. Now the money is higher now, the time is longer, they owe these farmers money longer. When I appeared before this Commission.

The Report disclosed that only three distributors were honestly paying the Milk Board minimum price, and these three distributors, this is important, Mr. Commissioner, -- and these three distributors filed their balance sheets indicating profit, with which they were satisfied -- they were satisfied with the profit; they were Independent distributors. All that was necessary was removal of dishonesty.

Please put number 28. I shall be pleased to supply the Honourable J.V. Clyne Report. He has resigned from the Bench. Also copy of the new Milk Act, based on his Report, with my comments on both these documents, and can give information on Court cases since 1936.

The B.C. Milk Industry Act, March 2, 1956:



On May 29, 1956, we were advised that the Provincial Government had referred the new Milk Act to the B.C. Court of Appeal to test its legality. A Provincial Order-in-Council said the Act raised "certain questions of constitutional law which are of great importance and that the question of the Legislature's jurisdiction to enact the new law is questioned; for this reason the new Act has been referred to the Court of Appeal". This advice was not true for in the middle of August, 1956, before any reference had been filed, I received Order No. 1 under the new Act, to be effective September 1, 1956, to enforce pooling and equalization of monies.

Will you please mark that paragraph Exhibit 29.

I went at once to see Mr. Carr, Chairman of the Milk Board, and reminded him that, prior to his appointment by the Honourable John Hart, he had promised that there never would be a pool and equalization of monies, and I said that he should wait for the decision of the B.C. Appeal Court; he told me that he could do nothing about it and I must take the matter up with the B.C. Government, which I did, without receiving a reply. I might say that on previous occasions I did receive replies. However, reference was



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eventually filed February 6, 1957. We were told it was filed on the 29th of May, 1956,-- but date of hearing has not yet been set. It should be mentioned that with equalization and pooling Mr. Carr's salary was raised by Order-in-Council in 1956 to \$8,500 per annum from the previous \$6,000 per annum.

A few producers have been successful in refusing to pay the equalization levy, and one I know told me that the Milk Board has billed him for about \$20,000 for past equalization; only these few producers had opportunity to refuse payment, and so far there have been no prosecutions of the so-called delinquents by the Milk Board.

Voluntary System Better: "The Country Gentleman" published in Philadelphia, U.S.A. -- shall I cut out some of that Mr. Chairman?

THE CHAIRMAN: I think you are close to the end Mr. Gardom, I think perhaps you might complete the reading.

MR. GARDOM: Thank you very much. I don't want to bore you too much, because I know you have had that for a long time. It must be awfully boring here for all of you.

"The Country Gentleman", published in Philadelphia, U.S.A., and the oldest agricultural journal in the world, had a leading editorial



entitled "Let There Be No Compulsion" -- and ending with these words: "Compulsory control over the private affairs of their people is the distinctive mark of the authoritarian states -- Germany, Russia and Italy. Their example has proved that, once entered upon there is no mid-way stopping point in the process. The lesson is clearly before us. No temporary benefit is worth having if it is purchased at the price of freedom." This opinion was backed up by the Saturday Evening Post which is reported to have the largest circulation of any journal in the world. The United States had tried this experiment of control of agricultural products at expense to the general taxpayer of much more \$4,000 million dollars and how much more could the United States, a great creditor nation, afford this colossal experiment than our debtor nation Canada with about one-tenth of the population. Collapse of British rubber control, collapse of control of coffee in Brazil and collapse of cotton and the slaughter of pigs in the United States is a matter of record.

Public announcement by the International Institute of Agriculture at Rome proclaimed that continued restrictive control of agriculture is a system of bold economic suicide.



The housewife will always retain her freedom of choice to buy and she will get the best quality of product she can obtain for the most reasonable price, no matter what artificial prices are fixed by boards. Consumers will never permit this monopoly to continue.

Will you mark that 32 please? The next one. I will give you a little memorandum showing how that should be done.

Voluntary co-operation within groups and between groups can maintain reasonable producer bargaining power coupled with official direction of merchandising so that the same quality of product may be offered at the same price to all distributors. Purchasing power for the food supply the farmer has to sell will increase when there is freedom for the channels of distribution with strict and direct enforcement of existing regulations which protect consumer and producer alike. Boards have nothing whatever to do with the regulation of quality in spite of their propaganda to this effect.

A statesman of world wide reputation over 100 years ago presented briefly the principles of Government in the following words:

Leave Effort and Capital Alone: "Our rulers will best promote the improvement of the



people by strictly confining themselves to their own legitimate duties - by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment - by maintaining peace, by defending property, by diminishing the price of law and by observing strict economy in every department of the state. Let the Government do this: The people will assuredly do the rest."

Compulsory marketing of products has not been a success in Australia. The legislation was thrown out by the Privy Council. Afterwards in July, 1936, a plebiscite was held to change the constitution of Australia in order to permit compulsory marketing. In all five states in Australia the proposal was defeated by over two votes to one and I am convinced that compulsory control of primary industries would be more resolutely refused in Canada if a plebiscite were taken.

Selling of grain on the Prairies has been taken away from the farmers except the "bootlegging" of truck loads at 75 cents a bushel which is being done now. I might say here that I know the largest buyer in Calgary of wheat for use there has been buying



bootlegged wheat at 65 cents a bushel.

If the Grain Exchange was in normal operation the farmer, if in dire need of money, could sell his grain as soon as it was harvested, or if he could so afford, he could hold for possible higher price in the following Spring.

If there was an open market with Dominion grading, there would be cheaper bread, cheaper grain for the finishing of cattle in British Columbia and Eastern Canada. The same would apply for the feeding of dairy cattle, hogs and poultry. There would be no surpluses when we return to actual values and the cost of living should be relieved of fictitious prices, for the benefit of all Canadians, and when those on the land require emergency assistance this could be given directly at general taxpayer expense -- mind you, when I say that I am speaking of floods and that sort of thing, when a state of emergency exists -- without the introduction of schemes from totalitarian states -- and here is something very important, Mr. Chairman. The Combines Act and the Criminal Code should be strictly enforced, and I venture to say that you will eventually feel that you are bound to investigate combines.

Let me say that I can refer to



records of scathing judgments against this compulsory control by Judges of the Supreme Court of British Columbia, also of the Supreme Court of Canada, together with pronouncements made by recognized statesmen of Canada. Would you mark that 37, please?

My experience -- I am being personal for a minute, if you will forgive me, Mr. Chairman-- my experience in clearing, ditching, dyking and farming began on a homestead in the North Okanagan, and I knew the choice locations for fruit growing and the many hundreds of acres of \$5 per acre range land or marginal land, which was later subdivided, irrigated and sold at \$200 per acre for growing fruit instead of alfalfa and this was the commencement of pooling fruit from the choice land and the marginal, and the commencement of compulsory marketing, with continual requests for Governmental assistance. I am afraid I was rather boastful there -- oh, yes, you come on my farm now, No. 38. But I would like to comment on what I said about the fruit growing in Okanagan. The first people to grow the fruit, as you lady and gentlemen probably now, was at Colona, at the mission, Roman Catholic priests. The next large place was Vernon Brothers



ranch outside Vernon which was later bought by Lord Aberdeen, and it is very fine land on that place, and after they made a success of growing and selling fruit there was tremendous exploitation of large areas of land, came along with a blue-print, and it cost so much an acre. Mind you, the water when you are in the Okanagan, you will hear that some fellows are paying as high as \$15 an acre for water, and I claim that I know a little about land. I have seen them there opposite Colona, clearing jackpine there. We always said when we saw jackpines there the land was no good. We cleared the jackpines, it was straight sand, and put the water on it, and, of course, the water went down and they had the expense of building the land up before they could grow any sort of fruit, you might say.

My last farm of 200 acres in the Fraser Valley was developed from the bush into a more or less modern dairy farm. I might say that there were only a few acres of old clearing with stumps on it when I got it, but it was very good land, and I did all the clearing and dyking and fencing and so on, and in 1930 my threshing, grinding the grain, pumping water, filling silo, pulping the roots, sawing wood was all done by electric motor, and the B.C. Electric



took a motion picture of the operation. I might say it was more economic than gas,-- which one year won the championship for Junior Herd of all dairy breeds in B.C., and earned very many certificates for Record of Performance from Ottawa. Perhaps, Mr. Chairman, you will know what that means. It is a Record of Performance of all pure bred animals, and the Dominion inspector arrives and he weighs the milk and tests it, but they have a very good system. The second inspection is made by another man, they change them all the time, so there is no chance of collusion between the farmer and the inspector. That has been carried out for many years, and I say without fear of contradiction that the only way you will ever get honesty in the distribution of milk in these dairies is if the same thing is carried out there, that there is a Dominion Government inspector at one dairy, he is there for a month and he is moved to another one, and so on, testing, weighing. My business experience was Superintendent of Construction of C.P.R. hotels, Western Lines, with some work in the East for this great organization. Love of the land and my earnest desire for the welfare of those on the land, in fairness to all those



who purchase food products is my excuse for this lengthy exposition which can in no way help me personally.

THE CHAIRMAN: Thank you, Mr. Gardom. Will you hand to the Secretary at some convenient time the list of documents which you have to file with us?

MR. GARDOM: I will pick them all out. I have an envelope for Mr. Dawson. I want you to keep them as long as you will need them, but I want them back; they are my only copies, some of them are my only copies.

THE CHAIRMAN: I expect there are some of them we can procure copies of in other ways.

MR. GARDOM: You will get all the old legislations prior to this new Milk Act. I am sure Mr. Dawson will get those, and in the Court House you can get reasons for judgment of certain judges. I have some here.

THE CHAIRMAN: There may be some particular documents of your own, but we can have them transcribed and send them back to you as quickly as possible.

I think now we will have a break, but before we break off, I would just like to make clear that we have properly on the record what the status of your organization is. My



recollection is that you advised us that the organization is still continuing and in good standing.

MR. GARDOM: That is correct.

THE CHAIRMAN: But that the members are not at the moment actively engaged in the production and sale of milk?

MR. GARDOM: Oh, yes, I am selling milk, but the organization is not handling it.

THE CHAIRMAN: Your organization is not involved in the sale of milk?

MR. GARDOM: No, that is correct.

THE CHAIRMAN: We will break off for about 10 minutes.

--- Recess

--- Upon resuming.

THE CHAIRMAN: Order, please. Mr. Gardom, we would like to ask you some questions and develop some points with you, if we may.

MR. GARDOM: Yes sir.

THE CHAIRMAN: Professor Drummond will start.

COMMISSIONER DRUMMOND: Mr. Gardom, it is fairly obvious from your entire brief what your general attitude, I think, is in



regard to marketing boards and so-called control in marketing. I just want for the purposes of clarification to be absolutely clear, as a commission, what your view is in respect of this and I want to ask you one or two points.

MR. GARDOM: Surely.

COMMISSIONER DRUMMOND: Am I correct in assuming that you are shall we say, unalterably opposed to the whole idea of any kind of Governmental Board for marketing of products?

MR. GARDOM: You are quite right in concluding that my belief has always been that this compulsory marketing is an evil policy and that to support this evil policy unfortunately dishonesty creeps in anything at all to support --

COMMISSIONER DRUMMOND: In the same connection I take it that this also means that you are definitely opposed to marketing boards which in any way attempt to regulate the marketing of milk; I mean the price of milk at the producer end specifically.

MR. GARDOM: We had here, Professor Drummond, about 50 different prices to the consumers so that the drivers were confused, the consumers were confused and that was done away with. Then there was a price set on the minimum price to the producer, which, if



a dairy particularly thought a man deserved it was -- he thought he had good enough milk coming in from the best origin and the best destination he could pay a premium.

One dairy in Vancouver today is paying 25 cents per hundredweight premium and this dairy was told by the Milk Board he need not pay more than 10 cents. Another dairy is paying a 10-cent premium. Those are the only two dairies of which I know that are paying any premium on what is called the minimum price.

COMMISSIONER DRUMMOND: Well, now, as you well know, back in the thirties practically every province, if not every province across Canada, one after the other established a Provincial Milk Marketing Board. Would you be inclined to say that in these cases they were all on the wrong track in doing so?

MR. GARDOM: I would say this, Professor Drummond, that this wave of boards started in British Columbia. In 1929 there was a Committee of Directions for milk and also for vegetables. They followed suit on the Prairies -- both of these went down to defeat by the by -- the first ones in British Columbia.

I mean by that the famous Crystal Dairy Case of which you no doubt have a record.



and a few of us farmers paid 90 per cent of that case right to the Privy Council, and the dairy itself paid 10 per cent.

The money that this Committee of Direction had taken away from us in the pool was used to prosecute us, and the B.C. Government had to pass a special Order-in-Council -- I have got the figure at home. I think it was \$8,892 for the prosecution cost.

They had to pass a special Order-in-Council to immunize the members of that Committee of Direction, and when we won our case in London -- I don't know why -- we had a very fine counsel, Mr. W.N. Tilley of Toronto -- he won our case for us in the Privy Council -- but they left us to pay our costs and the rest of the money that was left in the pool was taken over by the big organization who was opposed the independent -- we were called independents. We were an independent co-operative association and had to turn in our articles of association.

COMMISSIONER DRUMMOND: What I am interested in at the moment, Mr. Gardom, is establishing your general attitude.

MR. GARDOM: That is my general atmosphere. I make it very clear, Professor Drummond. I mean all these boards are wrong.



COMMISSIONER DRUMMOND: You would include in that under depression conditions?

MR. GARDOM: I would include in that under any conditions.

COMMISSIONER DRUMMOND: That is all I wanted to know there. As I said, it is pretty obvious as to what your general attitude is, and your economic philosophy, if you call it such, but as you know, this Commission is concerned primarily with this question of price spreads.

MR. GARDOM: That is true.

COMMISSIONER DRUMMOND: I am wondering for our enlightenment whether you can quite briefly outline a definite connection between your brief and your attitude, as expressed in your brief, and the price spread problem. That is the concrete matter with which we are concerned.

MR. GARDOM: I quoted on the five pounds of potatoes for 49 cents. They were good potatoes. Before there was any board, there was never such a ridiculous price -- never. Moreover these farmers who refused to sign up, who did not want to, are not allowed to grow potatoes, and every farmer in rotation of crops should be allowed to grow potatoes if he wishes.



As I told you, over the three-year period it would be profitable. Can I make anything clearer there?

COMMISSIONER DRUMMOND: I understand that what you mean there is in the absence of control as exercised by these boards, that prices would have been different and spreads would have been different.

MR. GARDOM: I think so.

COMMISSIONER DRUMMOND: You think so?

MR. GARDOM: Yes, I certainly do.

COMMISSIONER DRUMMOND: You think that the major, if not the entire, explanation of unfavourable prices and spreads is traceable to board action?

MR. GARDOM: The unfavourable is traceable to the Board? I would certainly say it is because if there are only a certain number of farmers allowed to grow potatoes, have a monopoly, and those that refuse to join can't sell them and get sent to jail -- I have got instances, I can quote instances where men went to jail for selling their potatoes.

COMMISSIONER DRUMMOND: These Boards have been in existence in this province for a good many years.



MR. GARDOM: Too many. Far too many.

COMMISSIONER DRUMMOND: From your knowledge would you say that the works of the marketing spread has increased greatly during that period?

MR. GARDOM: Between producer and consumer?

COMMISSIONER DRUMMOND: Yes.

MR. GARDOM: I would say it certainly has. You heard a man tell you last night that he was shown in the red by his boxes of fruit and so on. He didn't know that he belonged to any confederation of farmers, but he does without knowing it.

COMMISSIONER DRUMMOND: We were told yesterday, shown in graphic form that the width of that spread had increased very markedly in very recent years, the last five years particularly. What I am wondering is whether you feel that this very pronounced widening of the spread in recent years is mostly due to the action of boards, because boards actually existed a good many years before that?

MR. GARDOM: Yes, but there are quite a few good men who were growing fruit, and went broke. I know of 160 acres of berry orchard, a man went broke. I know some small ones where



they went broke and the same applied to vegetable growers and so on. You see how these farmers income has gone down in the province of British Columbia. They are not growing the stuff. British Columbia can grow sufficient potatoes to support this town and the whole of British Columbia and export too. No trouble whatever if there was no board.

COMMISSIONER DRUMMOND: At prices that will compete with imported commodities?

MR. GARDOM: At a price that will compete with imported. No reason why they shouldn't.

COMMISSIONER DRUMMOND: As a matter of straight information, I notice that on the bottom of page 8 of your brief you infer that the farmers of Australia voted to abandon the compulsory market, and it no longer exists in that country. My information was somewhat different.

MR. GARDOM: Yes, I see. Well now, where is that, in the last page?

COMMISSIONER DRUMMOND: Yes. Bottom of page 8.

MR. GARDOM: I have the record at home. It is a long time ago that they took that plebiscite, and that is the actual, what



actually happened as far as Australia was concerned. I can give you the date and the town, and so on.

COMMISSIONER DRUMMOND: You mentioned on page 4 that potatoes are being imported from both Alberta and the United States at the present time, quite recently. What I was wondering, was whether you felt that that importation would not be taking place if marketing boards had not been and were not now in existence?

MR. GARDOM: Well I think I can answer that quite fairly by saying that I am certain that importation would not take place if every farmer in the Valley could turn on the sod land when he wants to change the field and plant his potatoes without having to go to a Board, and be only too pleased for the Dominion officials to grade them.

COMMISSIONER DRUMMOND: On page 5, about the middle of the page, you state that the Government's effort to curb dishonesty and prevent a monopoly have been unsuccessful, and I think elsewhere you suggest that additional such efforts should be made.

MR. GARDOM: Well I suggested that in the spoken word, and I mean it. I can give you gentlemen enough information that will



convince you that that should be done.

COMMISSIONER DRUMMOND: Could you give us concrete suggestions as to how it could be done?

MR. GARDOM: Well I am going to give Mr. Dawson recognized accountants' reports made tracing cars all over this continent. We had to go to court to get the permission to look through the books of the man who was appointed as agent by the British Columbia Government, the sole agents of the Vegetable Marketing Board. He did all the selling.

He was manager of a concern that had been convicted in the Court House here, and he was fined \$25,000 before. They made him the sole agent for the potatoes, and we had great difficulty in getting permission from the Courts to be able to look at his books, and I have got the accountant's report here of what that disclosed and the numbers of the cars and the money they were sold for, and that combine -- he was in league again with all the men that he had been in league with when he was fined \$25,000 by Chief Justice D.A. MacDonald.

COMMISSIONER DRUMMOND: Mr. Chairman, those are all the questions I have.



COMMISSIONER MacKICHAN: We are interested in the grading between Government inspectors and Boards.

MR. GARDOM: That is right.

COMMISSIONER MacKICHAN: What is the difference there?

MR. GARDOM: I beg your pardon?

COMMISSIONER MacKICHAN: What is the difference there? The specific difference. Can a Board operate a different system?

MR. GARDOM: No, the Board has only the authority sir -- supposing I sent in all my potatoes, as we call field runs, you see, into the Board. They have only the right to divide them into Canada No. 1 or 2 and those that are thrown out, you see. Then the Dominion inspector has to come in and see that is right. Otherwise, you couldn't sell them in Toronto, Winnipeg, or even Buenos Aires, where some of these were sold.

COMMISSIONER MacKICHAN: ~~That~~ That is our impression. We just weren't too clear on that, whether these boards had specifications of their own which we didn't think could conform to the grading of the province.

MR. GARDOM: Mind you, my remarks about dishonesty is this, I claim that that is



an evil policy. It is not right, and therefore no matter how honest a fellow is when they start out, it creeps in. They can't stop it, to support a fallacious policy, a policy that is wrong.

COMMISSIONER MacKICHAN: How would it be wrong? What feature? I am not just getting that.

MR. GARDOM: I don't know whether I put that on the heading of your brief or not, "Of what avail plow or fail, land or life if freedom fail."

They took away the land from him, and he owned the land. He owned the wheat. He owned the land. He owned the fruit trees. He owned the cattle. He did everything, and they took away his freedom to sell the fruits of his labour.

COMMISSIONER MacKICHAN: He gave his Government authority to act for him and appoint a board to do the job instead of the farmer doing it at home. I take it this Board does the grading at a price?

MR. GARDOM: I think I pointed out in my brief here, sir, that I was certain that if a plebiscite was taken, in British Columbia, these Boards would go down two to one against them.



COMMISSIONER MacKICHAN: That has not been our experience in Nova Scotia. Probably the sun rising on us doesn't help.

MR. GARDOM: Maybe you are more honest in Nova Scotia than the West, sir. Do you prosecute a farmer who sells his own stuff?

COMMISSIONER MacKICHAN: Definitely if he does not abide by the regulations. Certainly.

MR. GARDOM: You prosecute?

COMMISSIONER MacKICHAN: Surely.

MR. GARDOM: Does he have to sign a contract, does he have to sign to agree to your scheme under your Board?

COMMISSIONER MacKICHAN: Yes.

MR. GARDOM: He has to?

COMMISSIONER MacKICHAN: Oh, yes.

MR. GARDOM: They don't sign here.

COMMISSIONER MacKICHAN: They take a vote, there is a plebiscite taken and the majority rules as in all our shades of democracy.

MR. GARDOM: There are ten to one who don't sign. You heard yesterday that in that BCFGA there were 4,000 growers. I would like you to ask when they come on and you hear about the potatoes, how many of those growers have contracted to the B.C.F.G.A.. To begin with, there are not 4,000 growers in



the whole area.

COMMISSIONER MacKICHAN: I know Nova Scotia have just taken a recent plebiscite in a small section of Cape Breton on milk, whether they would set up their own board and definitely all the producers had ballots and voted. There were one or two who could not get their mail that did not vote, and it was completely unanimous. There wasn't even a spoiled ballot.

MR. GARDOM: I gave you the result of one ballot here, putting it in as an exhibit in which only 400 came back, 2,100 were sent out and there were about 6,000 farmers in that district, in that area.

COMMISSIONER MacKICHAN: Did you mention the date of that?

MR. GARDOM: That is an old one.

COMMISSIONER MacKICHAN: I would think so.

MR. GARDOM: But attached to it, which is just as bad as the recent one in which the Minister of Agriculture says that we are in a new economy era now.

COMMISSIONER MacKICHAN: What is the possibility of appeal or repeal?

MR. GARDOM: Well that Act was never



honestly, what shall I say, confirmed. If our friend over here, Mr. Dawson would ask for Mr. Justice Manson's reasons for judgment in our two cases in the Supreme Court you will see there sir very strong -- those two concrete cases were never appealed. The British Columbia Government then put a reference to the British Columbia Appeal Court and we followed that right to London with a view to an admission that our counsel made, and it is shown in the Privy Council decision. We lost out.

MR. MacKICHAM: I am just wondering if you would completely agree with the paragraph on page 8. Would you agree with this statesman of 100 years ago?

MR. GARDOM: In 6, page 6?

MR. MacKICHAM: Page 8, where they restrict the activities of Government.

MR. GARDOM: Well, I just quote that: I think it is pretty good. I don't know that I completely agree with it. I think there is far too much meddling in business. I don't think you would have that thousand million bushels of grain lying in the Prairies with the enormous costs against them.

MR. MacKICHAM: You have regulations preventing speeding on the highway and running



over the pedestrians.

MR. GARDOM: I can't have that compared to interference of trade, interference in a man being able to sell the products of his own labour. I can't have that simile there. I will tell you why. For instance, they talk about getting the red light and the green light. The red light and the green light are the Dominion regulations on grain. They talk about orderly marketing. I say it has turned out to be the most disorderly thing we have. I don't go back on that one minute.

COMMISSIONER MacKICHAM: I think that is all, Mr. Chairman.

COMMISSIONER DRUMMOND: Just one other point, Mr. Gardom. I understand from your brief that your view is that these Boards practise compulsory restriction and artificial price raising. What I am going to ask you is whether you feel this type of action is confined to Marketing Boards, assuming that it is practised by them?

MR. GARDOM: You mean paltry restrictions?

COMMISSIONER DRUMMOND: Yes, is artificial restriction of output and control of prices confined to the agricultural realm in this country?



MR. GARDOM: Well, one or two other boards like the Potato Boards are maybe soon going to go.

COMMISSIONER DRUMMOND: The reason I asked you that is that you mentioned before that this Commission may find it advisable to inquire into the action of the Combines Investigation Branch.

MR. GARDOM: I have enough information to show you that you have a very big undertaking.

COMMISSIONER DRUMMOND: You feel there are combines operating?

MR. GARDOM: Yes, there certainly are. We had two operating here when Mr. MacGregor came out. I provided him with the information when he came here -- free of charge, by the by.

COMMISSIONER DRUMMOND: That is all, thank you.

MR. GARDOM: And he said to me, "Look here, Gardom, there are two combines here," which I knew, from the information I had given. He said, "I am only going to tackle the Okanagan first". The other was never investigated at all.

THE CHAIRMAN: On page 8, the fourth paragraph from the bottom, there is this sentence:



"Voluntary co-operation within groups and between groups can maintain reasonable producer bargaining power coupled with official direction of merchandising so that the same quality of product may be offered at the same price to all distributors". Thinking in terms of the milk commodity, how do you see the principles in that sentence apply in milk marketing?

MR. GARDOM: I would say, Mr. Chairman, that that is a very difficult thing to do. My word "official" there means official of the organization, like that man yesterday spoke about. The word "official" means official of that organization, and as you quite properly point out, it will be difficult, but with the strict enforcement of regulations at origin and destination -- I know up to recently there wouldn't have been enough milk to supply this market.

I just ran off a very hasty rough memo here; I don't refer particularly to milk.

THE CHAIRMAN: I think perhaps, Mr. Gardom, in this case that we will ask you to read this into the record, if you will, please?

MR. GARDOM: Yes. This was just made up now. It is only a rough sketch as I say.

THE CHAIRMAN: Yes.



"PROPOSAL FOR PRICING FRUIT AND VEGETABLES
WITHOUT 'SCHEMES'

As a free people build from sound foundation which cannot be attacked.

Demand enforcement of the Combines Act and Criminal Code.

Name your price for guaranteed Dominion Grades which buyer can accept or refuse.

Rely upon business methods.

Consignment without guarantee by buyer of good repute, who should be under substantial Security Bond, is the root of the trouble together with the 'schemes' claiming the right to pool products and monies thus making easy the manipulation of returns to producers."

I may say here, Mr. Chairman, for years I tried to get the Board, the very first Board we had, to demand that since the milk all went in on consignment without any price that the licensed distributors should put up security bonds to the value of, say, 20 or 30 days' supply of milk and they said they would do it.

Well, the first time we got into Court under Examination for discovery, the Chairman was asked how many of these security bonds he had. He said "one". "Whose is it?" "Basil Gardom's", he said. That is all they had.



He was a good fellow, that man. He resigned and quit. He told me -- he came over to me and he said "You were right, the whole thing is wrong. He was the Chairman of the Board.

"The false application of democratic principles is the excuse for injection of politics into what should be free enterprise.

Board Orders under 'schemes' are confusing and complicated, with so many rules and regulations which are not understood or complied with and require a volume of returns which only add to the confusion.

In 1910 Shippers bought outright, they took the risk of profit or loss, this encouraged the producers, without Governmental interference.

The Shippers were in Competition with the Associated Growers who accepted on consignment and undersold them.

The Shippers then adopted the consignment basis, took their profits, deducted expenses, passed all losses to the growers and gave them what was left after showing some shipments in the red.

When will men on the land realize that shippers or distributors are now



"only their agents financed by the farmers' product they hold on consignment and after collecting from the retailer or consumer they make some return to the producer.

Above is a rough memo submitted by Basil Gardom to the Royal Commission on Price Spreads of Food Products in Vancouver, April 9th, 1958."

THE CHAIRMAN: Thank you very much. We will have an opportunity to study that. I think we will make this Exhibit 6-B. We will have an opportunity to study that.

May I go back to this sentence on page 8. What I would like to try and get from you, Mr. Gardom, is your positive approach to the problems of the milk producers. We understand your position with regard to the Boards.

MR. GARDOM: Yes.

THE CHAIRMAN: But I would like to try and find out from you what your alternative to this is.

MR. GARDOM: The Board business?

THE CHAIRMAN: Yes. You obviously support the voluntary co-operative?

MR. GARDOM: Yes, absolutely.

THE CHAIRMAN: But you refer here to the bargaining power of the voluntary co-operative.



Does that mean that the Co-operative would then represent its members in the negotiations over prices?

MR. GARDOM: Well, that is what we always did before we were interefered with by a board.

THE CHAIRMAN: You would rather have that than a definite minimum price?

MR. GARDOM: Well, I would rather have that with the strict inspection at origin and destination. Then only the best men in the large organization that you heard about -- your witness yesterday mentioned that -- the very best men would get the high market price here in Vancouver, and the best men on their other farms, who were industrious and careful with the health of their cattle and cleanliness and every other thing, to bring in the milk that would pass the low bacterial count in Vancouver; and whenever the supply got too great it would be a simple matter for the Metropolitan Health Board to raise that standard and say "Here, we want a little better milk". I think they did that in New York. "We want a little better milk." Mind you, it is not all in the Clyne Report, but I think -- I do not know whether you have had an opportunity



to see that or not, Mr. Chairman.

THE CHAIRMAN: We have not, yet.

MR. GARDOM: Well, you will be shocked at some of the things you read and not half of it is told. You will be shocked at some of the things you read.

Mind you, these fellows were shipping into the fluid market here. They had what we called "quotas". They should not have had a quota on the fluid market at all.

THE CHAIRMAN: I am trying to visualize the operation of the voluntary co-operative that you would support. Now, --

MR. GARDOM: I will tell you why it would be difficult here because there would be tremendous opposition from the people who want pooling and equalization, that is the big concern -- tremendous opposition.

Like, in the thirties we had a set price -- or was it 1931 -- and in June one of the directors said to me "The weak sister will go to the wall". They put on a ritual -- cut it down nearly to the price of butter. We stayed with them. We took it, but he could still pay more money.

There is the danger there, but that danger would be gone if we could depend



on the Livestock Branch of the British Columbia Government, and the Dominion Branch who have always been good, the Livestock Branch if we could depend on them making the inspection of the farm. I know we can depend on the Metropolitan Health Board here, and that would cure it.

THE CHAIRMAN: I have difficulty in seeing just how the price would be determined under the type of program that you have, but if you feel it is too difficult to set that out, we won't pursue the matter.

MR. GARDOM: You see Mr. Chairman, the people who are talking about them, they are right into one big pool. There are good men in their outfit. There are good men there, and those good men should come to the top of this market.

THE CHAIRMAN: We realize quite clearly that you are opposed to the pooling principle.

MR. GARDOM: Yes.

THE CHAIRMAN: And it is not necessarily a condition of co-operative marketing. We fully understand that, but I am not quite clear how you would like to see the co-operative, voluntary co-operative fit into a system of milk production and distribution and how prices would be determined under the sort of system which



you are visualizing.

MR. GARDOM: Of course Mr. Chairman, if this strict grading was done at origin and destination, it would cut down the amount of milk coming on to this market. It can be a question of supply and demand wouldn't it for the high price? The farmer figures it was worth so much, and he would ask that for it?

THE CHAIRMAN: Should be what, co-operative sells competitively at whatever price he can get?

MR. GARDOM: It should be.

THE CHAIRMAN: Is this what you visualize?

MR. GARDOM: No, I visualize maybe three or four voluntary co-operative associations, through their directors they would arrange the price of all of it.

THE CHAIRMAN: A single price?

MR. GARDOM: Yes, provided they were "A" or "B" at origin and under 200 bacteria count in Vancouver.

COMMISSIONER DRUMMOND: You do not visualize the possibility of a single voluntary co-operative bargaining in respect of prices?

MR. GARDOM: Be a good thing if you could have it, but you can't force those things.



COMMISSIONER DRUMMOND: You think it would be good?

MR. GARDOM: Yes.

COMMISSIONER DRUMMOND: It would be impossible in practise you feel?

MR. GARDOM: I think it would be hard to get.

COMMISSIONER DRUMMOND: You feel that -- Dr. Stewart is anxious to know just how the price the producer gets would actually be arrived at. Would it be the result of negotiations between voluntary co-operatives and organization of the distributors?

MR. GARDOM: It would be between, negotiations between the co-operative and who was going to accept the milk, and here I might say that I don't think any independent dairies are left now. They have got what they call a Distributor's Association now. You probably heard of it, have you? They said now we will control the farmers altogether. We will get them in the pool, and even the dairies that we supported and built, they went back on their own farmers to go in with the larger outfit in this, with the exception, I told you, there were three that were left that were honest.

THE CHAIRMAN: Gentlemen, it is 12.25 now, and Commissioner MacKicham has one question,



which I think will be the last.

COMMISSIONER MacKICHAM: My first question is going to be -- I might have to have two questions, my first question was why this independent group was set up in the first place? This independent milk producers group.

MR. GARDOM: I think I can answer that quite plainly, quite simply I should say. There was an amalgamation of all the dairies in Vancouver, with jobs, high paid jobs for the owners of the dairies and stock in this Associated Dairies Limited, and the man who got the farmers to agree to it, he was made General Manager of that at a large salary, you see, and you had to go into that and take whatever price the Associated Dairy wished to pay you for the milk.

Well a few of us at that time were shipping to Spencer's Dairy, a large -- now Eaton's store, before it was a good dairy too, and they paid well. Very sorry he said, I sold out to the other people, and they issued stock at far over value of what went into that Associated Dairies. For instance, there was one farm that the fellow wouldn't join, and they took his farm and paid \$120,000 for it, and it is very poor land and it had a herd of poor



cattle that weren't in very good shape on it, it was very poor, it wasn't very valuable land. You wouldn't buy it, wouldn't use it, and a number of trucks and so on went in at high figures. For instance, I recall when we were giving evidence in Victoria before the Committee of Agriculture we showed where they sent these -- a whole bunch of these trucks to the scrap pile at \$100 a piece, and so the fellow said to me I am very sorry he said -- that is Spencer's Dairy, I am not taking your milk any more. Then we formed our little association and the Crystal Dairy refused to go into this amalgamation. These fellows had to put up a bond of \$1,000 a piece to hold the prices for years, previous to this to see how it would work out. He refused to go in, Crystal, and we got him his milk. We went around to farmers who didn't want to have anything to do with this hokus-pokus business, and so that is how we started. We supplied that dairy, and then one by one these men who had accepted stock, at that time, they even said the farmers goodwill was worth, I think it was -- I have forgotten the exact figure. It was very high. I said you haven't got any farmers goodwill, you have got your goodwill here where you are selling in the city, but that farmer could go



B. Gardom

out of business, sell his cattle or go to Alberta. You haven't got any goodwill there.

They got a tremendous amount of stock and that stock never paid a cent, so these fellows as the manager found that he had got too many white collar men he let them go one after another and they came out and started all over again with a new dairy. That is where they got the extra independent dairies. There was only one then, that was Crystal.

COMMISSIONER MacKICHAM: Thank you.

THE CHAIRMAN: Thank you very much Mr. Gardom. We appreciate your being here and your presentation. We will adjourn until 2 o'clock this afternoon, when we will hear the brief from Mrs. Mills on behalf of the Canadian Association of Consumers.

--- The hearing adjourned at 12.30 p.m. to resume at 2 p.m.

--- Upon resuming at 2 p.m.

THE CHAIRMAN: Mrs. Mills, we would be happy to hear from you now. I have an apology to make. I dignified you earlier by referring to you as the Vancouver Branch of the C.A.C. I understand you have the whole province under



your control?

MRS. MILLS: No control over it; we share the responsibility.

THE CHAIRMAN: This Commission has a considerable interest in the consumers, and we have the past-president of the Association of Consumers and we are grateful to your organization for coming to present your brief to us.

Would you tell us about your organization here?

MRS. MILLS: We have about 1,200 members in the province, mostly housewives, and we have five local branches, one in Victoria, one in Nanaimo, Courteney and Kelwa, and on the mainland we have one in Vancouver and one in Calona.

THE CHAIRMAN: Do you let men join this organization?

MRS. MILLS: Well, they may join so that they have the benefit of our publication, C.A.C. bulletin, but they haven't a voice or a vote.

We are very pleased indeed to have this opportunity of presenting some of our views to the Commission, the Royal Commission, and, Dr. Stewart, Mrs. Walton and other Members of the Commission, I would like to begin with the



dairy products. I didn't include anything on fluid milk in my brief, but Mr. Walls brought up the subject of a consumer minimum, consumer price being set. We would like to remind the milk producers that there are many substitutes for fluid milk, and if the minimum price was set, that is the consumer price, higher than at present exists, they might be faced with a decrease in the consumption of fluid milk. That was demonstrated in Vancouver a few years ago; while the population of the city was increasing, the consumption of fluid milk decreased after that increase in the price.

We have welcomed the introduction of store price differential of two cents in the Vancouver area, and on Vancouver Island. The Vancouver Island store differential went into effect just last Autumn, but Vancouver has had it for some time.

Then to continue on the dairy products:

Dairy Products - Powdered Skim Milk:

This convenient and easily re-constituted dairy product is fully appreciated, but we would like to know if it couldn't be less expensively packaged. Some home-makers favour a simple, polythese, heat sealed package, as they normally remove the product to a covered container



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

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Mrs. Mills

for easy measuring; others prefer a comparatively plain, non-slippery box with a parchment type liner which could be opened and the milk measured out conveniently.

I have added a paragraph on powdered skim milk.

Consumers are interested in knowing whether the processes involved in preparing dried skim milk powder for domestic use justify the wide spread between the support price to the farmer and the end price to the consumer. In Victoria 3 pounds of instant powdered skim milk sell for \$1.15; 6 pounds for \$2.49, but an introductory offer has reduced the price to \$2.24; -- that was made in Hamilton -- 5 pounds of the non-instant type now sell for \$1.75, though only recently it was \$1.89. The support price to the farmer is 17 cents a pound, but these retail prices range from 35 cents and a fraction to more than 41 cents per pound. If our memory is correct the price on this product advanced immediately after the announcement of the higher support price. A rapid build up of a surplus of 30 million pounds took place between April and December of last year. It is suggested that a reduction in consumer prices would prevent a continued, and possibly even a greater



surplus from building up.

Cheese: In a news release from the Dairy Council of Canada in January of this year, it is stated there is a decrease in the per capita consumption of Canadian Cheddar cheese. There was, in January, a surplus of some twelve million pounds of Cheese in Canada. The factory price at that time was 32 cents a pound. It retailed in bulk until just recently for 65 cents a pound, but last week it was 73 cents a pound, and per package per half pound in B.C. at 45 cents.

Is this a place where a lower price could be used to increase demand? It might be possible by this means to capture some of the market that now exists in Canada for about nine million pounds of foreign type cheese imported from 19 countries. Consumers would of course, like to be assured that all sanitary regulations are being complied with in the manufacture of cheese in Canada and that the flour is consistently good.

Now, cereals, we start with packaged breakfast foods.

Our members and large numbers of those in affiliated organizations strongly object to toys, dishes, packets of flower seeds and



other gimmicks in their food; in many cases these premiums are valueless to the purchaser, yet add to the cost of the product. In fact, in the Dominion Bureau of Statistics report for the year 1954 on the cost of the manufacturer's advertising, that is the breakfast food manufacturer, we learned that this amounted to 11.85 per cent of the manufacturer's sale value. Now, a reasonable average is said to be around 2 per cent. I jumped there to page 4, at the bottom of page 4. Much of the advertising on cereal packages is too elaborate, hence too costly, but that which offers information as to the food value of the contents is appreciated. Maybe I didn't mention that the Dominion Bureau of Statistics report was for the year 1954.

THE CHAIRMAN: Did you intentionally leave out the sentence referring to "Giant" sized packages?

MRS. MILLS: No, I am coming to it. We regret the haste with which this had to be prepared. We had many after-thoughts. These so-called "Giant" sized packages are usually awkward for cupboard storage and frequently are misleading because they are mostly height with little depth.

Fruits and vegetables - apples:



Consumers, particularly those residing outside the fruit-growing area of the Okanagan, are constantly asking why in this province, the price of apples should be so high and the product often of indifferent quality. We would welcome a good product at the height of the season and at a reasonable price. It is noted that Mac-Intosh apples come down to around \$2 for a 20-pound box only after they have begun to deteriorate in storage. But I can never find 20-pound boxes, they are always 18 and 19 pounds. Families, we are informed, would use many times their present consumption of apples for school lunches, snacks and cooking, were less expensive supplies available.

Other Tree Fruits: Considering there is a highway which we believe was constructed with a view to providing rapid transit from the fruit-growing area of the Okanagan Valley to the Pacific coast centres, consumers do not understand why so much green, immature fruit, notably peaches and apricots, is offered for sale in Pacific coast centres; also why there is only one grade and one price usually, regardless of size and quality.

Vegetables - potatoes: We find that brush-cleaned potatoes are found to keep much



better than those that have been washed before sale. Consumers are discouraged from buying potatoes in large quantities - 20 pounds and over -- because of poor keeping qualities.

Now it has been said that due to our mild climate and lack of sufficiently cool storage facilities may be factors in this.

Fresh Vegetables: Consumers would like attractive as well as flavourful products, not necessarily in plastic bags, and it is believed more local rather than imported fresh vegetables could be sold if the standards for the local product were higher.

Tomatoes: The famous field variety of tomatoes from the Okanagan is scarce on Pacific coast markets. Do too many of these go to the processors?

I have an additional paragraph on fruits and vegetables. We believe to achieve this higher standard a grading and inspection service for fresh fruit and vegetables grown within the province and sold for use within the province would be a great help. This has to be done for products going outside the provincial boundaries and I believe that is up to a Dominion standard. We believe grading would encourage local production of high quality



and because it would be a fresher product it could conceivably capture the market now enjoyed by imported fruit and fresh vegetables.

Berries, we believe, should be sold by weight or a minimum of 12 ounces be set for the contents of boxes and we would like to see that deceptive raised platform type of berry box prohibited.

Canned fruit and vegetables: This product is generally of excellent quality, but it is doubted that graded as fancy, choice and standard the difference is fully understood. It might be an improvement to grade by number as 1, 2 and 3. An increased supply of what is now known as Standard grade, which is prepared from good quality products but not necessarily uniform in size, and sold for a lower price than the Choice and Fancy grades, would be easy on family budgets. It would take some publicity to popularize this grade, but the lower price would doubtless attract most consumers and C.A.C. would feature it in their consumer educational programmes. There is some indication that the increasing size of Canadian families calls for greater availability of 20-ounce and even the larger economy size of 28 ounces in tinned fruit and vegetables.



Eggs: If eggs are not kept cool throughout the various stages of distribution they become down-graded. The consumer in B.C., has no way of knowing, from the present system of marking, whether she is buying eggs that have been stored for weeks at Prairie points before being shipped here. It is recommended therefore, that cartons containing eggs be marked "storage" or "B.C. fresh" as the case may be. The use of "B.C. fresh" label for eggs produced in this province would, we believe, increase consumption, hence encourage production in this, one of B.C.'s leading primary industries.

I have an additional paragraph on eggs. I think that is the end of the additions.

As to the price of eggs we would like to quote from the B.C. Federation of Agriculture brief. I took this from Mr. Wall's brief presented last year to the Provincial Cabinet which states "With respect to the much greater spread in price between what the producer receives and what the B.C. consumer has to pay, the Federal Government Poultry Products Marketing Report shows that the handling charge between the producer price and the price to the retailer on eggs is as follows at the main Canadian centres: Vancouver, 14 cents a dozen; Edmonton, 9 cents;



Winnipeg, 13 cents; Toronto, 6 to 7 cents and Montreal 10 cents."

We are informed that the Vancouver charge includes the collection of eggs from the producer, but even so it seems very high.

And on poultry: It would appear there is a like discrepancy in handling charges on poultry meat between the live weight price to the producer and the loose dressed weight price to the retailer, where for a fowl of 5 pounds the spread is as follows: Vancouver, 13 cents a pound; Toronto, 7 to 8 cents; and Montreal 9 cents, and a similar discrepancy with broilers, fryers and chickens.

Here again the Vancouver charge, we are told, includes the collection of the birds from the producers, but it still seems high. On the 5-pound bird, you see, it would be, at 13 cents, 65 cents.

Poultry: Grade "A" poultry is the quality most generally offered in our retail markets. It is not well-known perhaps, that the good appearance of this product is to some degree brought about at the processing plants by placing the birds after plucking, in a water bath. It is estimated this treatment adds about 5 per cent to the weight. Consumers would like



to know is this addition of water allowed for in the price the consumer pays? Recently we had stuffed poultry offered for sale. Now, if it is stuffed and stored for days before being sold and used, is it safe? The home Economist tells us not to stuff birds before they are ready for the oven or about to be put in, rather.

Meat- Fresh: In British Columbia meat slaughtered in other than the packing plants in Vancouver is not inspected for health of animals, nor graded for quality. There is provincial legislation for meat inspection, but it has not been implemented, except where individual municipal action has been taken. Thus, consumers in an area covered by adequate inspection could be unaware of the lack of inspection in adjoining areas from which some of their meat supplies come. We find that on the Island people go out and buy quantities of meat for their freezers. They do not realize they are getting uninspected, ungraded meat.

To protect all consumers equally, we recommend that province-wide inspection for health of animals slaughtered for meat be instituted; also grading for quality, and that authority for so doing be vested in the Provincial Government. Graduate veterinarians should be



made available for inspection service. Some of our more disillusioned members say that until there is adequate protection for the consumers, ungraded, uninspected meat offered for sale should be labelled as such.

Bacon: There is continued request for the grading of bacon on the basis of leanness; also when bacon is sliced and packaged that there be means of clearly seeing the contents.

Curing methods now in use make refrigeration necessary for ham, bacon, etcetera, and this is not always adequate in retail shops, because the supplies are stacked too high. The same applies to frozen meats, meat pies, T.V. dinners, etcetera. They require refrigeration until used, but they are often stacked too high in the retail storage to have it.

Mr. Walls touched on the retail price spread between the mainland and Vancouver Island centre. I have some too. Would you like me give you them?

THE CHAIRMAN: Please.

MRS. MILLS: Retail Price Spread Between Mainland and Vancouver Island Centres: While there is generally a higher price on all food items on Vancouver Island as compared to the mainland, it is most noticeable in fresh meat, bacon and



fresh and canned fish. Occasionally prices on some cuts of meat or other items are the same. The following illustrations have been taken from the Vancouver and Victoria newspaper advertisements of a chain store system operating in both places: I did not save the papers as Mr. Walls did. I just listed the dates. Maybe he has the same dates on his exhibits.

January 29th, 1958:

Round Steak, in Vancouver,	69¢	lb., in Victoria,	75¢	lb.
Rump Roast,	"	"	79¢	"
Pork Loin Roast	"	"	67¢	"
Ready-to-eat Ham	"	"	67¢	"

February 12, 1958:

Sliced Side Bacon,	"	59¢	"	"	62¢	"
Frying Chicken	"	59¢	"	"	62¢	"
Round Steak	"	69¢	"	"	73¢	"
Lard, 2lb. for	"	37¢	"	"	42¢	for 2

March 5th, 1958:

Round Steak or roast	"	73¢	"	"	79¢	"
B.C. Crabmeat, 7 oz.	"	59¢	"	"	62	"
Fish Sticks, 8 oz.	"	37-1/2¢	"	"	40¢	"

March 12th, 1958:

Stuffed Pork Butts,	"	59¢	"	"	63¢	"
Chuck Roast Beef,	"	47¢	"	"	49¢	"
Round Steak	"	43¢	"	"	79¢	"
Standing Rib roast	"	69¢	"	"	73¢	"
Leg of Pork	"	75¢	"	"	78¢	"
Fresh Cod Fillets	"	39¢	"	"	43¢	"



Fresh Fish: The high retail price of fresh fish frequently rules it out as a source of protein in our diet. Now I think that is chiefly true of salmon, fresh salmon. There is no regulation which requires the seller of fresh fish to make positive identification of fish, but any fish which is packaged must be labelled with an accurate description. Consumers would prefer to know what they are buying in fresh fish too, as in all types of food. We hear of Steel Head being sold for C Trout and Flander being sold for Sole.

Halibut Liver and Cod Liver Oil Products: These are recognized as excellent sources of Vitamins A and D, which in turn are necessary for the proper utilization of calcium in the human body. Canada's food rules call for a daily intake of these vitamins by all growing persons, expectant and nursing mothers.

Vitamin D is almost always prepared in combination with vitamin A, so I have mentioned both here. Vitamin A and D products are subject to the 5 per cent sales tax in B.C., because they are not classified as foods. By re-classifying these essential vitamins as food - or where they are called for in Canada's Food Rules, and so exempting them from the 5 per



cent sales tax, attention would be drawn to their beneficial properties and make it that much easier for more of our population to make regular use of them.

The Canadian Association of Consumers joined with the Sugar Users of Canada to present a brief opposing any restriction in the import of sugar, of cane sugar, refined sugar I should say.

Sugar: Canada's sugar beet industry supplies less than 20 per cent of Canada's needs, the balance, 80 per cent plus, is supplied by the cane sugar industry, which is well-established and profitable. Any measures that may be necessary to assist sugar beet growers should not, in the view of the Canadian Association of Consumers, include restriction or exclusion of imports of refined sugar. Neither would the enactment of legislation similar to that of the United States Sugar Act be in the best interests of the Canadian consumer, since it has kept the price of sugar two to two and a half cents higher than in Canada. The adoption of either of the above measures would probably result in an additional sugar bill for Canadians of 25 to 30 million dollars yearly and only 10 per cent of it would go to the beet sugar growing industry.





Consumers are aware of the findings of the Restrictive Trade Practices Commission's Report of January, 1957, which stated that the monopoly conditions prevailing in the Sugar Industry of Western Canada were not in the public interest.

I am sorry I haven't the copy of the briefs, but I have it in Victoria and I will be pleased to leave it with the Secretary on Saturday.

Coupons and Premiums: For the past ten years our organization has received a stream of complaints about the use of coupons and premiums in sales promotion. We have opposed this practice on the grounds that it tends to make the quality of a product a secondary consideration, it turns merchandising towards increasingly costly forms of competition and of course it by-passes a reduction in prices as a legitimate competitive weapon.

From a Dominion Bureau of Statistics Report on the cost of manufacturers advertising, we learn that this amounted to 11.85 per cent of the manufacturers sale value. A reasonable average should be around 2 per cent.

Prizes of cars, trips to Hawaii and other costly inducements to enter contests, deposit coupons, etcetera, are conducted by food store



chains. One of these advertises \$50,000 in prizes, another 18 trips to Hawaii, and motor cars. Consumers question the fairness of such offerings since the cost must be added to that of doing business, hence becomes part of the price paid by consumers for a necessity of life - food.

Wire Staples: We regard the use of wire staples on packages containing food, as a danger. By having the staples near the food when it is being packaged there is the possibility of some of these getting into the food, and in removing the staples to open the package, and when we get it home the possibility arises again. There is a marked trend toward the use of safe methods of sealing food packages, and we would like to say that local firms have been more co-operative in complying with our requests to change over than those doing business on a provincial or national scale.

I have a few more remarks in the way of summing up, and I haven't given you a copy. I thought I would speak to you, if I might. We feel that the consumer and the purchaser are being pushed farther and farther apart by packers, processors, shippers, advertisers, freight rates, and after this morning I think I can say Marketing



Boards, each requiring cents and dollars on the retail price of the unit of food stuffs.

At the same time, the producer finds it necessary to pay more for labour, machinery, sprays, feeds, equipment, and gear. Does the producer get a commensurate cut of the price to the ultimate consumer? The processor has had to increase his investment in mechanized equipment, refrigeration plants, etcetera, but he does all this with a view to reducing his payroll and cutting his losses through deterioration of salable products, and he expects to increase his total output. Isn't there a point at which such a saving may be expected to be passed on to the producer and/or the consumer?

We are interested in quality and price, and we know in British Columbia, or are led to believe that we have large areas capable of producing excellent fruit and vegetables, and we have a sea which is rich in food. Why then do we have to pay such prices as we are asked for fruit in season grown in our own province, and such price for fresh salmon that we just reach for a canned product, and as for products from other provinces, as far as wheat, oats, flaked, and crushed and rolled and baked and packaged in 12 to 14-ounce colourful boxes, each.



with a premium or a gimmick, costing 3 cents more this winter on this size package. They went up 3 cents a package. Did the farmers get any more for the grain stored on his farm? They all rose at once. There wasn't any now and the other stayed down. They all went up at once, and freight rates were given as the reason in some cases, but that proved to be premature. Now have the factories producing these cereals been working to capacity? Isn't it possible in mechanized factories to increase production without having a like increase in production costs so that they could affect a saving which could be passed on to the consumer or to the primary producer? What better advertising and sales promotion could there be than a genuine reduction in price on well known products, or on consumer goods in general?

We are very pleased to have this opportunity to present some of our views, not very profound, but they cover a lot of things that come up regularly at our meetings. We thank you very much.

THE CHAIRMAN: Thank you. I should have mentioned that your submission is Exhibit 7.



COMMISSIONER WALTON: Mrs. Mills, may I ask you two or three questions for clarification. In your brief throughout you haven't actually, you put forward the position of your Association and by implication I gather that the items that you have mentioned, cereals, fruits and vegetables, packaging, and grading, in which you are interested, you feel have a bearing on price spreads. Shall I just take cereals for example. You have said -- no, your powdered milk. You want something less expensively packaged. I presume that you have given us your opinion on certain things hoping that because you perhaps don't have research facilities that you are asking the Commission to investigate to see if some of these observations you have made do affect the cost?

MRS. MILLS: That is exactly our position, yes. We are not in a position to investigate these costs ourselves.

COMMISSIONER WALTON: And that would be true of the packaging of powdered milk. On your appendix you have said that the guaranteed price to the farmer was 17 cents, and I believe the retail price was 31 cents.

MRS. MILLS: No, 35 on a three-pound package, or 36.

COMMISSIONER WALTON: And you wonder



if the packaging, the type of package is out of proportion to cause this differential?

MRS. MILLS: Partly, and partly we think it is too much spread.

COMMISSIONER WALTON: On the face of it.

MRS. MILLS: On the face of the fact that only 17 cents is the support price, and that it went into effect immediately on stocks that were already there, it seems, but it does seem a lot. We would like to know too if the process involved in preparing dry skim milk powder for domestic use justifies this wide spread. Powdered skim milk is also prepared for feeds, animal feed, and perhaps this is much more refined, but we think it is a lot.

COMMISSIONER WALTON: On your observations down further, and then you skip to page 4, you imply that on cereals and foods, the gimmicks, the premiums and the coupons, or the Hawaiian trips, and motor cars, and whatever they may be, which are a form of advertising, that it may be disproportionate in some cases. That it is a gimmick without adding to the value of the food, but adding to the cost. That is what you imply in your statement?

MRS. MILLS: Exactly, yes, and this figure of 11.85 per cent of the manufacturer's



sale value being the cost of his advertising applies to breakfast foods.

COMMISSIONER WALTON: That was in the 1954 Dominion Bureau of Statistics?

MRS. MILLS: Yes.

COMMISSIONER WALTON: We will have a copy of the chart, which we don't have here, of your prices on eggs, and you are asking us why the handling charges for eggs, I believe set at the wholesale price, are greater in Vancouver than all the major cities?

MRS. MILLS: Yes, all the Canadian markets.

COMMISSIONER WALTON: Have you any suggestions to us why you think --?

MRS. MILLS: No, I know now that it includes -- did you get one of these (indicating)? I think I left them. We know now, I have been informed from a Government office in Victoria that it includes the collection charge, and in other areas it doesn't.

COMMISSIONER WALTON: Then the prices quoted, we don't know in the other cities, they may not have included the collection charge?

MRS. MILLS: No, but it is believed.

COMMISSIONER WALTON: But it is so in Vancouver?



MRS. MILLS: Yes, but when you think of 14 cents on a dozen eggs, even paying for the trucking to bring them in --

COMMISSIONER WALTON: Would it be your feeling, speaking of eggs, when you say that the consumer has no way of knowing whether it is B.C. fresh egg or perhaps a fresh egg that has been put in storage that if it were labelled as a fresh egg, do you think they should have a premium? Do you think the consumers --

MRS. MILLS: I think they do pay a premium right now when they go to buy farm fresh eggs from a place they know produce eggs, but going into a general store and buying a carton of a dozen eggs, you don't know.

COMMISSIONER WALTON: But there are sources at the retail outlet where you can go in, and it is labelled strictly fresh eggs?

MRS. MILLS: Yes, and you know that dealer gets them from some reliable source. They are not, as a rule, in cartons either.

COMMISSIONER WALTON: There is something that I was interested in for my information. When you were quoting the comparison of steaks and roasts in Vancouver and in Victoria, did I understand you to say that in Vancouver you have a very rigid inspection service which is



carried right through to the retail level?

MRS. MILLS: Yes.

COMMISSIONER WALTON: That does not apply to Victoria?

MRS. MILLS: Well, it does in this way, that these chain stores get their meat from the packing houses in Vancouver where Dominion inspection is in effect.

COMMISSIONER WALTON: Yes. Well, knowing the situation in Vancouver, and it is the same store, would it be to your knowledge and would you have any way of identifying the meat in Vancouver?

Is it the same type?

MRS. MILLS: The same grade, yes.

COMMISSIONER WALTON: In Victoria?

MRS. MILLS: Yes. It is the same source.

COMMISSIONER WALTON: And there are means to the consumer in Victoria to identify that, she has the benefit of the chain store --

MRS. MILLS: Yes, in most of the main stores it would be the case, I am quite sure. In fact, we went into this two years ago in Victoria, and I think the inspectors told us that was the case, that the main supplies came. But it is the people who go to the country to buy a carcass,



for their freezers, and perhaps some of the small butcher shops are using meat from places -- we don't know that they are not using meat from these places.

COMMISSIONER WALTON: You have established the thing that I wanted, that your comparison is for the identical brand.

There are one or two items in your brief, wire staples would be one, which is a form of packaging, and I would not think it would be something for us, but the package in itself, you are concerned with certain types of packagings perhaps to be added to the cost of products without serving a useful purpose?

MRS. MILLS: They haven't contributed anything to the food value.

COMMISSIONER WALTON: What about the eye appeal?

MRS. MILLS: Well, the acceptance, I suppose, but we are getting to the stage where we are more concerned with the price and the value.

COMMISSIONER MacKICHAM: Following a bit on this last question of the fancy packaging, I am interested in packaging of fish, and we are told by label manufacturers and cellophane makers that the eye appeal is what is motivating



my wife and other women as to what they will pick up at the food counter. I wonder if that is completely right. We are really interested in it because in a pound package of fish you run into 4 cents for packaging. A certain amount of it is unavoidable, but if we put up a plain white package and sold it for 2 cents less, would you ladies pick it up?

MRS. MILLS: I think, of course, that man is selling you labels.

COMMISSIONER MacKICHAM: Yes, definitely, but we find if we don't have that fancy label the same as the other fellow we lose the business. I am just raising it for a matter of information because it is definitely entering into the costs.

MRS. T. GALLOWAY: I am President of the Vancouver Council of Women. I just simply say that I don't buy packaged meat or fish if I can possibly have it without. I don't like to feel that I am paying 80 cents or 90 cents for a piece of paper.

COMMISSIONER MacKICHAM: Frozen fish is really what I had in mind, that has to stand up to travel a long distance.

MRS. MILLS: I think we could be educated to a plainer package, something less



elaborate. It is just simply to have something much plainer, less expensive.

COMMISSIONER KIDD: You say that in Canada we import about 9 million pounds of foreign-type cheeses from 19 different countries. Are there similar types of these cheeses sold in Vancouver that are manufactured in Canada anywhere ~~or~~ are they all imported?

MRS. MILLS: I hardly think they are all imported, but I was speaking of the foreign-type cheese imported from 19 countries. I think perhaps that should be foreign cheese imported. I know they do make foreign types in Canada.

COMMISSIONER KIDD: Is there any difference in price?

MRS. MILLS: I haven't investigated that. I was just going on the cheddar cheese, of which there is such a surplus.

COMMISSIONER KIDD: Also I notice there in the past few days a billboard in Ontario said: "Don't buy substitutes. Only Holland imported cheese is really good cheese".

On this question of skim milk, powdered skim milk, did I understand you to say that this was packaged in Hamilton?

MRS. MILLS: I saw some the other day



in Victoria, 6 pounds regular price \$2.49, an introductory offer, 24 cents off, made in Hamilton, Ontario.

COMMISSIONER KIDD: Is it not packaged in B.C.?

MRS. MILLS: Oh, yes, we package more than one kind in B.C. At least that is two types; one company that I know of packages two types, the non-instant and the instant, but this bears the same name as the B.C. manufacturer.

COMMISSIONER KIDD: But does it bear the same price?

MRS. MILLS: No, it is higher.

COMMISSIONER KIDD: Which one?

MRS. MILLS: The one from Hamilton. It would be six pounds for \$2.49. What is that?-- 41 cents -- and the other one is three pounds for \$1.15.

COMMISSIONER KIDD: Not too much difference.

MRS. MILLS: No. I would like to know what the people in Ontario pay for the one in Hamilton, that one that is manufactured in Hamilton.

COMMISSIONER KIDD: You also say in the matter of the skim milk that there has been a rapid build-up. Is there any other reason?



Is it quality or acceptance of the product?

MRS. MILLS: That I don't know. My view is that the price has gone up and people are resisting it.

COMMISSIONER KIDD: Because of the price?

MRS. MILLS: Yes, and we think that a reduction in price, since the spread is so great, would probably prevent an even greater build-up.

COMMISSIONER KIDD: I gathered from some of the statements you made at the end of the submission when you were reading that it was your opinion that there had been productivity increases in the processing of foods, but the productivity increases had not resulted in price decreases to the consumer.

MRS. MILLS: Well, they don't appear to have out in this province.

COMMISSIONER KIDD: Do you have any particular information on productivity increases?

MRS. MILLS: No.

COMMISSIONER KIDD: I know this is a very difficult subject.

MRS. MILLS: No, I haven't, but every week the prices goes up a cent here and two or three cents there, all this winter.

COMMISSIONER KIDD: I have a similar



feeling myself. I just wondered what you had to say.

MRS. MILLS: Food costs are higher in B.C.

COMMISSIONER KIDD: Another thing that interests me -- you suggest in your submission that canned foods and vegetables of standard grades, if they were made more commonly known to the public, would be just as satisfactory.

MRS. MILLS: Yes, I think so. I buy standard grade every time I can get it. I can't see any difference, any worth-while difference. In the consumers' section of the Canada Grade Book, the consumers' section of the Department of Agriculture, it explains that for certain types of servings you might like the fanc choice, but in the stores here they think they can't dispose of standard in any quantity, but I think they are waking up.

COMMISSIONER KIDD: Would you say that the possible reason for that would be they are not advertised as well?

MRS. MILLS: I think very probably.

COMMISSIONER KIDD: Or put on the shelf that is going to have the most eye appeal?

MRS. MILLS: Yes, eye level.

COMMISSIONER KIDD: Or something like that.



I was interested in that because I know that the consumer's research report about six months ago said exactly what you have said, that the standard grade was by all odds the best buy, and they gave the same reasons as you did here.

MRS. MILLS: Yes.

COMMISSIONER KIDD: So that was a wonderful comment.

MRS. MILLS: I think it is quite possible that the book issued by the consumer section of the Department of Agriculture at Ottawa is responsible for some awareness of the quality.

COMMISSIONER KIDD: That is all, thank you.

COMMISSIONER WALTON: There is a price differential between standard and fancy and choice.

MRS. MILLS: Oh yes, but there is no difference in the food value. There is not any difference in the quality. It is the unevenness of size that is most likely to bear.

COMMISSIONER WALTON: It almost makes one wonder sometimes what the cost of the actual package in any of these processed tins is in relation to the container itself --

MRS. MILLS: Yes.

COMMISSIONER WALTON: The value of the peas could be very small compared to putting them



in that form and processing them and labelling the can.

MRS. MILLS: Yes. Well, I suppose, there is a little saving in the sorting too for preparation.

COMMISSIONER DRUMMOND: Mrs. Mills, with respect to your comments on cheese, you mentioned that cheese retails in bulk at 65 cents a pound. What does the word "bulk" signify? How many pounds is that?

MRS. MILLS: Oh, a pound or maybe half a pound; in a wedge.

COMMISSIONER DRUMMOND: Well then, you say that it sells at 45 cents per half pound.

MRS. MILLS: In that case I think it is in a little package. That is just information that came to me from one of our members. That is the way she buys it. I think it is in a fancy package.

COMMISSIONER DRUMMOND: I thought perhaps by "bulk" you meant several pounds.

MRS. MILLS: No, a pound or a little over, or a fraction. In these stores they cut them off in sizes, wedges and then they label it.

COMMISSIONER DRUMMOND: Incidentally, what is your opinion and that of your members



in regard to the current and recent practice, merchandising practice, in respect to the packaging and wrapping and so forth of cheese? As you know that has developed very considerably in recent years.

MRS. MILLS: Yes.

COMMISSIONER DRUMMOND: Is that thought favourably of?

MRS. MILLS: Yes, we have a great many people who like it, but a great many more say that it is just nonsense. They feel that it is -- well, one of our dieticians says "It is a waste of time and money".

COMMISSIONER DRUMMOND: Well now, along somewhat the same general line, you place a very considerable amount of emphasis, I see, on this whole question of the practice of putting toys and dishes and flower seeds and what-not in packages of goods and also on the practice of giving prizes, trips to Hawaii and what-not. It would appear to me that these policies would not be followed if they did not result in increased sales. At the same time you say you and your fellow members strongly object to that and it leaves me with the impression that you would buy more of the commodities if these things were not accompanying them.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

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Mrs. Mills

MRS. MILLS: Well, I believe a good many people buy them because they like the contents of the packages. They do not buy them because of the things that are inside and they object to having to pay for the things that are inside.

COMMISSIONER DRUMMOND: They would like to get them.

MRS. MILLS: They would like to take the package but they don't want to have useless things such as toys for children. The older people buying them, do not want them. A woman told me the other day she found her child nibbling at a package of flower seeds. Well, it might be poison.

COMMISSIONER KIDD: Do you think possibly that is due to advertising to the children to force parents to buy more of them?

MRS. MILLS: Oh, I think that can, yes. It has been known to.

COMMISSIONER DRUMMOND: The practical concrete question seems to me to be this; if thinking women, such as yourself, feel, as you have stated here, in regard to these things and their worthlessness and their costliness, how long is it going to take and what means are going to be employed to get women buyers generally to refrain from buying those things, and paying



the extra price involved?

MRS. MILLS: Oh, that I couldn't say, but as I say for 10 years, since C.A.C. was formed or organized, we have had a steady stream of complaints and there never is an annual meeting, but that there is not some resolution in to have this stopped.

COMMISSIONER DRUMMOND: It would appear to me as if a lot of ladies talk one way, but act another. What would you say to that?

MRS. MILLS: Well, it could be. As I say they want the contents of the package without the gimmicks and they continue to buy it. There is one woman said "I do not want seven saucers" but that is all she could get. She did not want them at all, but that was what came with the kind of breakfast food she wanted, and she found she had seven saucers and no cups. Well, saucers are a whole lot cheaper than cups.

COMMISSIONER KIDD: Quite seriously, Mrs. Mills, would you believe that the advertising was in fact aimed at children rather than the housewife; T.V. advertising and so on?

MRS. MILLS: Yes.

COMMISSIONER KIDD: And all that sort of thing to create sales?

MRS. MILLS: I think so. I think it is



unworthy of Canadian business.

COMMISSIONER DRUMMOND: Mrs. Mills, you mention here in the next paragraph something about the general size of the package. You say they are mostly high with little depth.

MRS. MILLS: Yes.

COMMISSIONER DRUMMOND: Can you enlarge a little on that?

MRS. MILLS: They are narrow, easily tipped over and the contents wasted. They are far too high for the average height of shelf.

COMMISSIONER DRUMMOND: You did not mean to imply they were not full?

MRS. MILLS: No, I have not measured that.

COMMISSIONER DRUMMOND: I thought perhaps they were higher than they need be to hold the contents.

MRS. MILLS: No, they are just higher for show. Then they are narrow.

COMMISSIONER WALTON: May I take it, Mrs. Mills, you are expressing the objection that if there was a choice of the same product, as I believe some cereal companies of the Cook type, put something in one?

MRS. MILLS: Yes.

COMMISSIONER WALTON: And if there was



a premium on the package which you wanted to purchase with cereal in it, and there is a difference in price, you have no objection to that?

MRS. MILLS: I suppose not, because --

COMMISSIONER WALTON: Because the consumer would then have the preference, but you object to no alternative without the gimmick in it?

MRS. MILLS: Yes.

COMMISSIONER WALTON: Thank you.

COMMISSIONER DRUMMOND: This is purely a technical point, Mrs. Mills. You mentioned in connection with vegetables, that potatoes that have been washed do not keep as well. For our information is your experience very definite on that?

MRS. MILLS: Yes. That has come in from our members, and I was at a meeting or demonstration put on by the Coast Vegetable Marketing Board, a potato demonstration over in Victoria, and they said they had found that, and they were trying to switch over to brush cleaned.

COMMISSIONER DRUMMOND: These prices that you have given at the bottom of page 3, showing a difference in prices between the two places, Vancouver and Victoria, in every case they



are higher in Victoria.

MRS. MILLS: Yes.

COMMISSIONER DRUMMOND: In this citation you are not complaining about it. You do not attempt to explain why.

MRS. MILLS: We complained, oh yes.

COMMISSIONER DRUMMOND: In other words you think that this difference is unjustified?

MRS. MILLS: Well, as one of our members said, "My goodness, they must have the Royal Suite to bring over the animal to Victoria, or the beef, to add 4 and 6 cents a pound to it."

COMMISSIONER DRUMMOND: Your feeling is that --

MRS. MILLS: We have had panels with experts, but nothing came of it.

COMMISSIONER DRUMMOND: Is it the feeling of your members that the difference --

MRS. MILLS: Is excessive.

COMMISSIONER DRUMMOND: -- is anything else but the extra cost of transportation?

MRS. MILLS: There is one thing we have to face, it is a smaller area, smaller volume.

COMMISSIONER DRUMMOND: Do you think there may be additional handling?

MRS. MILLS: Well, I suppose there is



additional handling in taking it over to Victoria. It goes to Nanaimo by boat and then down by truck or direct. We don't know, but in the case of cod fillets -- I don't know, 39 cents in Vancouver and 43 cents in Victoria. One wonders why they are not caught in Victoria.

COMMISSIONER DRUMMOND: In connection with fresh fillet I think you mentioned here -- you did not mention it specifically, but at least you implied that since fish are caught and supplied in this general area, that you wonder why the price should be so high here.

MRS. MILLS: Fresh salmon, for instance. That is the big thing, runs up to 80 cents a pound.

COMMISSIONER DRUMMOND: I am wondering what you would think of this suggestion. This is only a suggestion, that fish is a commodity that probably has to sell in competition with various other types of commodities, more or less to fill the same general purpose, such things as red meat, poultry meat and so forth.

MRS. MILLS: Yes.

COMMISSIONER DRUMMOND: Since that is so, what would you think of the suggestion that the price of the fish may have to bear some relationship to the price of these other things with



which it competes, regardless.

MRS. MILLS: I see what you mean. Well we feel it is just right here practically, and yet it is so very high.

COMMISSIONER DRUMMOND: You see, the fish might go to, let us say, Toronto. All the way from here that same salmon, and yet there it might have to compete with, say a red meat produced at lower cost than out here. Might have to sell at a price comparable with the red meat sold in Toronto.

MRS. MILLS: Yes. It was hard for the average person to get away from the fact that it is caught here, why it should be the same price here as in Toronto, forgetting the competition.

COMMISSIONER WALTON: Your reason for including, just referring back to the Victoria - Vancouver set-up, where Victoria in every case is higher, that knowing that there is transportation cost over to the Island you feel that it is out of proportion per unit?

MRS. MILLS: Yes.

COMMISSIONER WALTON: For the same item?

MRS. MILLS: We do.

THE CHAIRMAN: Mrs. Mills, it is often



said that purchasers group is usually well organized and articulate, and the general or common interests of the group can be thoroughly readily obtained, but it is not true of consumers, that they are an amorphous group, and very difficult to know just what the consensus of a viewpoint of consumers is. Your organization is one which does endeavour to speak for consumers. Would you tell us how you as the executive and spokesman of the C.A.C. endeavour to obtain the viewpoints of consumers, as consumers?

MRS. MILLS: Well for the brief, each branch was advised that we would like to put in a brief. We were considering putting in a brief, and any information, to include any ideas. We heard from four of them with ideas, and a larger number of Victoria people got together, because I was in Victoria, and that is how we made up our brief. In that way, and going back over resolutions and discussions, we had had at other times, we drew on that information to prepare this.

THE CHAIRMAN: I am quite sure you have given a lot of thought to this problem yourself. I don't want my questions to appear critical of your organization, but it is a problem that I am concerned with. For example, without



appearing to be critical, or even rude, how far would you contend that your views are representative of consumers in general?

MRS. MILLS: Well I would say that they are from a group of thinking women who are actively engaged in providing, being the purchasing, they are purchasing agents for their families.

THE CHAIRMAN: I would still ask the question, is this representative of all women?

MRS. MILLS: Well the background is, I think we have a large percentage of professional women who are married, they are teachers, home economists, perhaps business women --

THE CHAIRMAN: You think you have a better informed group as a representative of the consumer?

MRS. MILLS: Perhaps. We would like to think.

THE CHAIRMAN: What interests me here is the consumers group comes forward and says there are a lot of things that consumers are being offered that we don't approve of yet, and yet some of the evidence has indicated apparently a lot of consumers go along with these things.

MRS. MILLS: Yes, I think that a lot of



people don't care what they pay. Perhaps a good many people, and perhaps people who can ill afford it don't care what they pay.

THE CHAIRMAN: How far would you go yourself, or perhaps in the view of your organization in protecting the unthinking or indiscriminating consumer?

MRS. MILLS: Well, we would feel that if an investigation by a Commission such as yourself, you think that these methods to which we are objecting are really not worth what they are costing, that you would point it out, and as coming from a group like yourselves it would have some influence on public opinion.

THE CHAIRMAN: Well a good deal of attention I think, quite properly has been directed to this question of rather than offering the consumer a reduced price, add some additional gimmick.

MRS. MILLS: Yes.

THE CHAIRMAN: Now I gather your viewpoint is that the consumer ought to have a choice here?

MRS. MILLS: Yes.

THE CHAIRMAN: At least should have the alternative, in your answer to Mrs. Walton's question that you can have the reduced price, or can have this other thing, if you want. Have



you any idea as to how this could be required of merchants?

MRS. MILLS: Well I do remember seeing an advertising, I think it was on the TV which said this, the contents of this package was so good they don't need a premium or they don't need a prize. Something of that kind included, and I think if manufacturers could somehow be induced to put on the package the contents of this are so good, and there are no broken dishes in this package, or something of that nature, no face towels.

THE CHAIRMAN: In due course we will have an opportunity to ask the merchants why they follow these practices, but at the moment we are asking you. All I can do is to ask you why you think these things are done. Why does the merchant put the saucer in? Under what conditions, and for what purpose.

MRS. MILLS: I think first of all there has been such a great variety of these things, without any difference in their content, you might say, that they have looked around for means to interest the public. I think by putting in a dish towel or a dish, or something of that kind, that the people who sell these things to them, sell the idea, the advertising



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Mrs. Mills

idea, have been very active, and they induce them to do these things, and then they have thought up this idea of interesting children. One of our members, she sent in some ideas for this, she lives out of town, she said it doesn't promote harmony in the family if you have to take your children shopping, you are right in trouble. They know all about these things. She hasn't time to look at the TV, and they know and insist.

THE CHAIRMAN: Let us think up a hypothetical cereal, which is Sudsy-Dudsy or something like that. At the moment they are selling at a uniform price, or comparable price and there are no gimmicks. Somebody starts putting a saucer in, and this is the additional inducement to buy this particular brand. It is possible is it not, that that firm may just draw some customers away from the other sale producers because he is now offering a saucer along with his product?

MRS. MILLS: Yes, I believe they could, yes.

THE CHAIRMAN: Well now, what happens when they all put saucers in?

MRS. MILLS: The public would get fed up. They still have to buy it.



THE CHAIRMAN: And obviously nobody has any competition then?

MRS. MILLS: No.

THE CHAIRMAN: They are playing the game the same way?

MRS. MILLS: Yes. I think that is just about what happened.

THE CHAIRMAN: The result is the consumers are now paying, at this point I should think is true, are now paying for the cereal plus the saucer?

MRS. MILLS: Yes.

THE CHAIRMAN: Let us go back to the beginning again. Why doesn't the person who starts off with the first saucer cut the price of the saucer off his product, and sell it for a lower price? Why do you think that doesn't happen in these cases?

MRS. MILLS: I suppose for the same reason that they all get together and raise the price three cents.

THE CHAIRMAN: They get together and agree not to cut the price?

MRS. MILLS: Well I perhaps should not say that, but I do think that when they all go up at once, or all go into these things, they are just all riding along together.



THE CHAIRMAN: I am not suggesting either that there is an agreement, but do you think it is possible that there is a disposition on the part of sellers to avoid offering a price reduction?

MRS. MILLS: Oh yes, it would seem so in my opinion. Now we saw it in soap here this winter. A firm got out a package of soap, and said they will give you a special offer, 25 cents off the regular price or 15 or something, but when you figured out the difference in the weight, they didn't tell you that the weight was less than the regular package. They just said this package was so much less than the regular price.

THE CHAIRMAN: Well that possibility apart, it is another interesting phenomenon that I see in the shelves quite often that the package with a big sign on it, this price is 5 cents below the regular price, why do they bother to put that on? Why don't they just cut the price?

MRS. MILLS: I wouldn't know, unless it is just anything to attract to that package, to take it off the shelf and look at it, a certain law of averages, a certain number who take it off will keep it off and buy it.



THE CHAIRMAN: Do you think there is anything in the argument that supposing you had been paying a dollar for a product, and had been paying a dollar for a few years, you get used to that price. Come back to your case of milk, you suggested a few minutes ago that when the price of milk went up there was a reduction in the quantity bought because of substitutes.

MRS. MILLS: Yes.

THE CHAIRMAN: All the experience I know of indicates that that happens for a short period of time, but before very long people are back buying about the same amount of milk as before. Have you been able to follow this through?

MRS. MILLS: Well it has been suggested, but I believe in the case of fluid milk in Vancouver, the report indicated that there had been a decrease for two years.

THE CHAIRMAN: Well we know of many cases in which the initial reaction is like putting up your street car fares, for the first while everybody is mad and walks, but after they have walked a couple of days, they start taking the street car again. Back to the same thing. Do you think there is anything to the argument that if you have been paying say a dollar for a commodity for a period of time



you get used to that price?

MRS. MILLS: Oh yes.

THE CHAIRMAN: If you then reduce the price to 95 cents, then the consumer begins to get used to the price of 95 cents, and if anybody tries to put it back to the \$1 then you are going to face consumer reaction.

MRS. MILLS: Yes, I should think so. I would think that is human.

THE CHAIRMAN: This would be one explanation perhaps that producers or sellers are reluctant to cut prices. They would rather establish in the mind of the consumer a normal or regular price and stay with it.

MRS. MILLS: Than have to run up against some resistance at a future date when they had to increase it. It could be, but it isn't fair.

COMMISSIONER WALTON: Would you agree probably, and I gather this from the two sections in your report that gimmicks or reduction, they are a form of advertising promotion, and I would assume you would agree without any form of advertising whatever it would take quite a while for the qualities of any product to be known? I mean advertising promotes use?

MRS. MILLS: Yes.



COMMISSIONER WALTON: It is the abuse of these premiums and the lack of the alternative of getting them or doing without?

MRS. MILLS: Yes.

COMMISSIONER WALTON: I mean it is a sales promotion for an old product or the revival of interest in an old product, or the revival of interest in one or for a new product, to give two packages for one, or something like that. That has been a standard procedure, and I would gather that the consumers would not object to that too much, but it is this competition of one puts something in, somebody comes out with something else then everybody is doing it. It is the abuse. A sort of a rat race.

MRS. MILLS: When it amounts to 12 per cent of the manufacturer's sales value it seems too much. You are really not getting value.

COMMISSIONER WALTON: The Chairman was querying you on your executives and where you got your opinions on the things that you have presented here. Am I not correct that some of these, because they have a familiar ring to me, that as the only organization, consumer association in Canada, that all the weird and wonderful and the heartaches and everything are sort of dumped, turned over to you, and it comes from individuals



and the participating organizations that form this association, the church groups, so that you have, and I am unable to find anything to the contrary, that for the most part these are just the dreams of your local and Provincial and I would say national branches, are things that have been established by the women who have turned to your branches, outside of one or two items here, I don't see that you wouldn't have had the authority from the groups, from the organizations -- in other words, you haven't dreamed up anything on your own?

MRS. MILLS: Oh no, oh no. This is all as a result of conference, resolutions that have come over my experience.

COMMISSIONER WALTON: Organization and groups.

MRS. MILLS: Our C.A.C. bulletin, and our annual meetings, that sort of thing, and the committee that sat in Vancouver on this, and went over what came in from the branches.

COMMISSIONER WALTON: Proof of the pudding is we have objected to many of these things, smarter research people appear to be catering to our weakness, of the things that are pretty, things that are bargains and that impulse that you buy just because.



MRS. MILLS: Oh yes, that is it, but that is where consumer education comes in.

COMMISSIONER WALTON: And that is a long slow process, but if I read you correctly without any premiums, or any of these premiums. One, a plain package of fish, and I believe Mr. MacKicham would bear me out on this that on experiment where they put the attractive packages in more consumer bought your frozen fish. They did experiments with bacon, wrapped it plain, and put the red stripe wrapper around, and the women didn't like the red stripe wrapper, they said it was deceptive, but it was a prettier package, so they bought it.

MRS. MILLS: Yes.

COMMISSIONER WALTON: It would appear that there need to be a lot of education done to consumers, and you are objecting to certain of the groups catering to our weaknesses?

MRS. MILLS: Yes.

COMMISSIONER WALTON: It must be profitable.

MRS. MILLS: Oh definitely.

COMMISSIONER WALTON: Women object, but they buy?

MRS. MILLS: They make it profitable, but it is a hearing like that with the publicity



that it is going to have all across Canada,
that arouses people to think what are we paying
for? What are we getting in the way of value?

COMMISSIONER DRUMMOND: Mrs. Mills, I
think you have in some place in your brief, that
you are quite in favour of advertising in so far
as it gives you food value content, something
to that effect?

I think you mentioned some place in
your brief that you are quite in favour of
advertising in so far as it gave you good value,
something to that effect?

MRS. MILLS: Yes, when it gave authentic
or reliable information as to the food contents.

COMMISSIONER DRUMMOND: You also said
you thought that there is a great deal of
advertising that is unnecessary and it is also
costly. This seems to me a very important
question. Just what kind of advertising, what
degree of advertising do you think is warranted
and what do your members feel is justified?

MRS. MILLS: Well, the name of the
product and some reliable information and the
name of the manufacturer, and the weight.

COMMISSIONER DRUMMOND: And price?

MRS. MILLS: Well, the dealer puts
that on with a little stamp -- and do away with



all this fancy colouring of a lady with a corn stalk and white brimmed hat.

COMMISSIONER DRUMMOND: Purely information.

MRS. MILLS: Yes. It might not make such a gay looking store, but it might not be so costly.

COMMISSIONER DRUMMOND: You think the people would buy the product anyway?

MRS. MILLS: Well, on an average.

THE CHAIRMAN: We won't detain you much longer, Mrs. Mills. We do appreciate the opportunity of getting a little elaboration of your views, and perhaps try out some ideas on you.

Just a couple of questions or so. Are there any local fish markets here where people can go and buy fresh fish?

MRS. MILLS: I don't know that. I have heard people who have families going down when the fish boats come in, but that is some years ago. I don't know whether that still obtains.

THE CHAIRMAN: Somebody mentioned to me I think only yesterday that they were wandering around and saw some fresh salmon, fairly cheap salmon available. Is it possible if you shop around?

MRS. MILLS: I don't know. I go to a



regular fish market myself, two or three that I deal with. I don't know what the situation is in my home town, but I have heard men who have large families going down when the fish boats come in and getting a whole fish. You would have to have means to take care of the whole fish, and freezing may make people more able to use it.

THE CHAIRMAN: We have had a number of suggestions about grading products, there should be improvements in the grading. This suggests perhaps a rather more elaborate provision for grading. You agree, of course, that this would involve an additional cost? The effect of grading is to try and differentiate the products and the consumer can know what she wants and what she is buying.

MRS. MILLS: Yes, but then you would have less waste probably in what you bought, if it were of good quality.

THE CHAIRMAN: What happens to the poor quality?

MRS. MILLS: We don't think there would be as much produced, that there would be more care in handling and that sort of thing -- if people were growing up to a standard.

THE CHAIRMAN: We appreciate your views very much and our opportunity to ask you questions.



I would like to say now that the reason my colleagues Mr. Couvrette and Mr. Martin have not asked questions is not that they are uninterested, but when we get to Quebec they are going to have to ask all the questions.

Any other questions?

COMMISSIONER DRUMMOND: Following up Dr. Stewart's questions about milk, the substitutes, I was going to ask you if you felt that the cans of milk substitutes that are being offered today are much more acceptable to the consumer than those offered years ago?

MRS. MILLS: Yes, I think so.

COMMISSIONER DRUMMOND: Do you think there is a greater willingness to substitute those for the fluid milk?

MRS. MILLS: Yes, and I think that is something the producer needs to bear in mind; the market now is elastic.

COMMISSIONER DRUMMOND: What do you think would actually happen if what is called the generally acceptable whole milk powder was put on the market as a substitute? How would women react?

MRS. MILLS: I can tell you my experience when we were preparing the brief. I called up a number of people, and I was just amazed at



the number who said: "Fluid milk doesn't interest me at all. I can get exactly what I need in powdered milk."

COMMISSIONER WALTON: Is it the price of the package in each case?

MRS. MILLS: At that time we had the highest price in Canada, I believe, and evaporated milk, and now in B.C. we have a partly skim milk which is very good and which just means the milk producer may be faced with the greater use of alternatives if the price is increased beyond their willingness to pay, and the fluid milk market is the best paying market. We feel anything that will keep -- well, for instance, we welcomed the introduction of the store price differential, we thought it would increase consumption, and Mr. Walls has said consumption has gone up. It would increase consumption of it, and it would be that much better for the dairy farmer.

THE CHAIRMAN: Thank you very much, Mrs. Mills. We appreciate your submission.

We will adjourn until 10 o'clock tomorrow morning, Friday, April 11th, 1958.

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